Monday
14th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)]

Official Report

Volume I, 1949

(1st February to 17th February, 1949)

Fourth Session

OF THE

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

1949

Chamber Fumigated 18.10.73

CONTENTS

Volume I—1st February to 17th February, 1949

	Pages
TUESDAY, 1ST FEBRUARY, 1949—	
Starred Questions and Answers	1—30
Statements laid on the table	31—155
WEDNESDAY, 2ND FEBRUARY, 1949—	
Starred Questions and Answers	157-202
Unstarred Question and Answer	202—03
THURSDAY, 3RD FEBRUARY, 1949—	
Starred Questions and Answers	205—56
Appendix	256—308
FRIDAY, 4TH FEBRUARY, 1949—	
Starred Questions and Answers	309—43
MONDAY, 7TH FEBRUARY, 1949—	
Starred Questions and Answers	345—73
TUESDAY, 8TH FEBRUARY, 1949—	
Starred Questions and Answers	375—421
Short Notice Question and Answer	421—22
WEDNESDAY, 9TH FEBRUARY, 1949—	
Starred Questions and Answers	423—58
Request for English Translations of Answers to Supplementary Questions	459
THURSDAY, 10TH FEBRUARY, 1949—	
Starred Questions and Answers	461—510
Short Notice Question and Answer	510—11
Premature publication of Short Notice Question in newspapers	511
Supply of Advance Copies of Answers to Questions, etc., to Members	511—13
FRIDAY, 11TH FEBRUARY, 1949—	
Declaration by Members	515
Starred Questions and Answers	515—43
Unstarred Questions and Answers	543—46
Questions wrongly addressed to other minister	546
Appendix	547—654
MONDAY, 14TH FEBRUARY, 1949—	
Starred Questions and Answers	655—83
Unstarred Questions and Answers	683—86
Short Notice Question and Answer	686
TUESDAY, 15TH FEBRUARY, 1949—	
Starred Questions and Answers	687—736
Unstarred Questions and Answers	737—40
WEDNESDAY, 16TH FEBRUARY, 1949—	
Starred Questions and Answers	741—74
Unstarred Questions and Answers	774—76
Short Notice Question and Answer	776—78
THURSDAY, 17TH FEBRUARY, 1949—	
Starred Questions and Answers	779—807
Short Notice Question and Answer	807

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES.

(PART I—QUESTIONS AND ANSWERS).

Monday, 14th February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

BORDER RAIDS BY PAKISTAN TROOPS IN ASSAM.

*329. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that Pakistan troops have recently crossed the Indian border on the Indo-Pakistan frontier on the Sylhet side near Dewkivarea and attacked the civil population of India?

(b) Is it a fact that in one instance the Indian Posts and Telegraphs men working in the Indian area were attacked by Pakistan troops?

(c) Is it a fact that they have crossed our border several times?

(d) If so, what action have Government taken in the matter?

The Honourable Sardar Baldev Singh: (a) and (c). Yes, there have been a few incidents in which members of the Pakistan Army and Police trespassed into Indian territory and intimidated the local inhabitants with the result that the villagers temporarily abandoned their homes and took refuge elsewhere.

(b) Yes, a telegraph lineman and three line coolies of the Indian Posts and Telegraphs Department were assaulted by some Pakistan armed guards on the 23rd October 1948, while they were working on a telegraph post with a view to terminating the Shillong Sylhet telegraph line on the Indo-Pakistan border.

(d) As I stated previously in answer to a question by another honourable member, it is not always possible to prevent minor raids even across the best guarded frontier in any country, but I should like to assure the House that Government are fully alive to their responsibilities in this regard and are taking all possible steps to prevent a recurrence of such incidents.

Shri R. K. Sidhva: May I know whether Government had drawn the attention of the Pakistan Government to the incidents and if so, with what result?

The Honourable Sardar Baldev Singh: The attention of the Pakistan Government was drawn but I cannot say with what result.

Shri R. K. Sidhva: Is it a fact that besides these attacks on the Indian Posts and Telegraphs employees some of the fishermen who were selling their catch on the Indian side were attacked and injured and those injured persons were taken from the Indian area to the Pakistan area?

The Honourable Sardar Baldev Singh: I am afraid I am not in a position to give a definite reply to the question of my honourable friend. As I said there have been incidents and it is just possible that some fishermen may have been injured.

Pandit Lakshmi Kanta Maitra: Is it not a fact that on several occasions telegraph lines from frontier posts and telegraph and telephone posts were removed and on the last occasion when resistance was offered by our men they were attacked?

The Honourable Sardar Baldev Singh: I have got no definite information on the point but as I have stated there have been incidents and it is just possible that the honourable member's information is correct.

Shri V. C. Kesava Rao: May I know whether there has been any loss of lives due to these attacks?

The Honourable Sardar Baldev Singh: Yes, there has been loss of life.

Srijut Rohini Kumar Chaudhuri: What was the last occasion when the Pakistan troops crossed the Indian border and which part of India did they trespass?

The Honourable Sardar Baldev Singh: According to the information that I have got the last incident took place sometime in November, last year.

Mr. Speaker: The honourable member also asked at what place?

The Honourable Sardar Baldev Singh: I have not got that information.

Shri H. V. Kamath: How many fortified outposts are there on the Indo-Pakistan frontier in the East and at what distance between one another?

Mr. Speaker: The question may be relevant but does not arise out of this question.

Shri H. V. Kamath: If it is relevant, how does it not arise?

Shri R. K. Sidhva: The Honourable Minister stated that some people lost their lives. May I know the number?

The Honourable Sardar Baldev Singh: I require notice.

Srijut Rohini Kumar Chaudhuri: Did the Honourable Minister receive this information from the Government of Assam?

The Honourable Sardar Baldev Singh: Yes, the information was received from the Government of Assam.

Pandit Lakshmi Kanta Maitra: Is it not a fact that shots were fired from the Pakistan side?

The Honourable Sardar Baldev Singh: Yes. As I mentioned the incidents did take place and the shots were fired from the Pakistan side.

FOREIGN INVESTMENTS IN INDIA AND INDIAN ASSETS ABROAD

*330. **Shri R. K. Sidhva:** Will the Honourable Minister of Finance be pleased to state:

(a) the volume of British and other foreign investments in India and Indian assets abroad; and

(b) the nature of such investments *i.e.*, whether they are Government securities, shares, debenture, landed property or cash in Banks?

The Honourable Dr. John Matthai: (a) and (b). The information required by the honourable member is not available. The Reserve Bank of India are now conducting a census of foreign investments in India and of Indian investments abroad and the information asked for in parts (a) and (b) will be available when that census has been completed.

Shri R. K. Sidhva: Is it not a fact that the Reserve Bank sent a questionnaire to all these concerns in October last and, if so, may I know whether the information is now available with the Reserve Bank or it is still under examination?

Mr. Speaker. The question has been replied already. The Honourable Minister has said that the investigation is not yet complete.

Shri R. K. Sidhva: My question was that the questionnaire was sent in October and why it has taken so much time as six months.

The Honourable Dr. John Matthai: The first date we gave for the reception of the replies was the 31st December. Since then various companies asked for an extension of time and the time was extended until the 15th February. I expect that most of the information is now completed and it is only a matter of compilation now and I hope that sometime about June we should be in a position to get all the information.

Prof. N. G. Ranga: Is any effort being made to accelerate the process of purchasing foreign investments in India?

The Honourable Dr. John Matthai: That question would not arise out of this.

Shri H. V. Kamath: Arising out of part (a) of the question, since the Honourable Minister made his recent speech in Calcutta, have foreigners offered more capital for investment in India?

Mr. Speaker: Order, order. The Honourable Minister has said that the information is not yet complete, in which case how could he reply? It is obvious.

Shri M. Ananthasayanam Ayyangar: Was any estimate made of the British assets in India before our delegation went to England to settle the sterling balances?

The Honourable Dr. John Matthai: What we are trying to do now is to compile actual information: we are not trying to make estimates.

MANUFACTURE OF PRE-FABRICATED HOUSES

*331. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Health be pleased to refer to the answer given to my Starred Question No. 284 asked on the 18th August, 1948 regarding the construction of pre-fabricated houses and state whether the arrangements for starting a factory in India for the manufacture of pre-fabricated houses is complete and whether an agreement has been definitely arrived at with any company and if so, what are the terms and conditions thereof?

(b) Will the houses manufactured in this factory be available to the public or will they be confined to Government use only?

(c) Have Government any control over the factory as regards finance and administration?

The Honourable Rajkumari Amrit Kaur: (a) Yes. Arrangements have been completed for the establishment of a Factory in Delhi. planned for the production of 5,000 houses per year. A few sample houses will be ready by the end of March 1949 and regular production is scheduled to start in the second half of 1949. An agreement has been signed in this connection with Messrs. Structural and Mechanical Development Engineers Ltd., Slough, Bucks U.K. Under the agreement, the firm will supply designs and plans and provide technical personnel and facilities for training technicians. Government will bear the expenditure involved and also pay a royalty for the use of the patents of Messrs. Structural and Mechanical Development Engineers Ltd., proportionate to the output of the Factory.

(b) The present intention is that the houses manufactured should be made available to refugees, the poorer sections of the general public, and for the urgent needs of the Government.

(c) Yes. The factory will be entirely owned and run by Government.

Shri R. K. Sidhva: What is the cost of each house made of pre-fabricated material?

The Honourable Rajkumari Amrit Kaur: The cost of each house will be approximately Rs. 2,500.

Prof. N. G. Ranga: How much is being invested on this factory?

The Honourable Rajkumari Amrit Kaur: Between Rs. 60 and 70 lakhs.

Mr. Homi Mody: What are the materials which are going to be employed in the construction of these houses? To what extent will scarce materials like cement and steel need to be used?

The Honourable Rajkumari Amrit Kaur: Very little cement and very little steel will be required for them. The fabrication is called "Allcrete."

Shri Arun Chandra Guha: Have Government any idea of making arrangements with Indian companies to get pre-fabricated houses manufactured or have they any idea of starting a Government factory for the purpose?

The Honourable Rajkumari Amrit Kaur: That question will be considered when it is possible to do it.

Lala Achint Ram: How many such factories will be needed now to meet the situation in the country and what is the programme of the Government in this regard?

The Honourable Rajkumari Amrit Kaur: I am sorry I cannot give the information to the honourable member.

Shri H. V. Kamath: Is Dr. Koenigsberger still in charge?

The Honourable Rajkumari Amrit Kaur: Dr. Koenigsberger is the Director of Housing in the Ministry of Health.

Shri S. V. Krishnamoorthy Rao: The Honourable Minister was pleased to say that the cost of each house would be Rs. 2,500. May I know what is the floor space of each house?

The Honourable Rajkumari Amrit Kaur: I would like to have notice of that question.

Mr. Tajamul Husain: The Honourable Minister said that the cost of each house will be Rs. 2,500. How many rooms will there be in each house?

The Honourable Rajkumari Amrit Kaur: There will be two rooms plus. . . .

Pandit Lakshmi Kanta Maitra: What would be the approximate output of this factory in the initial stages?

The Honourable Rajkumari Amrit Kaur: I have already said 100 houses per week, *i.e.* 5,000 houses per year.

Shri H. V. Kamath: What are Dr. Koenigsberger's qualifications for his capacity as Adviser to the Ministry of Housing?

Mr. Speaker: That is going too much into detail.

Shri M. Ananthasayanam Ayyangar: What is the amount of living space that will be available in each house?

The Honourable Rajkumari Amrit Kaur: I have already answered that question.

Shri O. V. Alagesan: Has any Indian company offered to manufacture the houses at a lesser cost than Rs. 2,500—say at Rs. 1,500 or 1,800?

The Honourable Rajkumari Amrit Kaur: No, Sir.

NEW OFFICERS IN VARIOUS MINISTRIES GETTING RS. 1,000 AND OVER

*332. **Shri R. K. Sidhva:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) the designations of new persons employed in various Ministries drawing salary of Rs. 1,000 and over from 1st August, 1948 to date;

(b) the designations of superannuated persons drawing salary as above for the same period and the names of Ministries in which they were employed before superannuation and are now re-employed?

(c) whether all these appointments have been made in conformity with the Rules of the Ministries concerned and subject to the approval of the Ministry of Finance; and

(d) the number of officers drawing Rs. 1,000 and over who retired or died during the said period?

The Honourable Sardar Vallabhbhai Patel: (a) and (b). Two statements containing the required information are laid on the table of the House.

(c) Yes.

(d) Twenty.

STATEMENT I.

Showing the designations of new recruits drawing salaries of Rs. 1000 and over, appointed in various Ministries of the Government of India during the period from the 1st August, 1948 to 31st December 1948.

S.No.	Designation	Name of the Ministry in which employed.
1.	Deputy Educational Adviser to the Govt. of India	Ministry of Education.
2.	Economic Adviser, Railway Board	Ministry of Railways.
3.	Officer on Speical Duty	Ministers Secretariat
4.	Deputy Secretary	Ministry of W. M. & P.
5.	Under Secretary	Department of Scientific Research.
6.	Research Officer (National income)	Ministry of Finance.
7.	Additional Consulting Engineer to the Government of India (Roads).	Ministry of Transport.
8.	Two Deputy Secretaries.	Ministry of I & S.
9.	Director of Enforcement (Textiles)	Ministry of I. & S.
10.	Officer on Special Duty	Ministry of E.A.& C.W.R.(E.W.A. Wing)
11.	Director of Housing	Ministry of Health.
12.	Two Regional Directors	Ministry of Relief & Rehabilitation.
13.	Deputy Controller, (Newsreels) Films Division	Ministry of Information and Broadcasting.
14.	Deputy Controller (Documentaries) Films Division	Ministry of Information and Broadcasting.
15.	Officer on special Duty (Crop & Cattle Insurance)	Ministry of Agriculture.
16.	Deputy Secretary	Ministry of Agriculture.

STATEMENT II.

Showing the designation of superannuated person drawing salaries of Rs. 1000 and over appointed in various Ministries of the Government of India during the period from the 1st August, 1948 to 31st December, 1948.

S. No.	Designation	Ministry or office in which employed before superannuation.	Ministry in which re-employed.
1.	Officer on Special Duty	Bihar Educational Service	Prime Minister's Secretariat.
2.	Deputy Secretary	Ministry of W.M.& Power	Ministry of W. M. & P.
3.	Officer on Special Duty	Ministry of Finance (Defence)	Ministry of W. M. & P.
4.	Assistant Secretary	Ministry of W.M. & P.	Ministry of W. M. & P.
5.	Member, Central Board of Revenue and *ex officio* Joint Secretary to the Government of India.	Ministry of Finance (Revenue Division).	Ministry of Finance (Revenue Division.)
6.	Officer on Special Duty	Allahabad High Court and Ministry of Law.	Ministry of Home Affairs.
7.	Joint Secretary (States & E. A. Divn. of the Ministry of Finance).	Ministry of Finance.	Ministry of Finance
9.	Additional Consulting Engineer (Bridges).	Ministry of Transport.	Ministry of Transport.
9.	Officer on Spooial Duty Patente	Ministry of I. & S.	Ministry of I. & S.
10.	Officer on Special Duty (Silk Board)	Ministry of I. & S.	Ministry of I. & F.
11.	Director, Historical and Research Division	Federal Public Service Commission.	Ministry of E. A. & C.W.R. (E. A.Wing).
12.	Rigional Director, Ministry, of R. & R.	Punjab Government	Ministry of Relief and Rehabilitation
13.	Additional Agriculture Development Commissioner	United Provinces Government	Ministry of Agriculture.

Shri H. V. Kamath: May I know which Ministry has created the largest number of new posts since the 1st August 1948?

The Honourable Sardar Vallabhbhai Patel: That Ministry which was in need of employing larger number of persons.

Shri H. V. Kamath: But which Ministry actually?

Mr. Speaker: He may better read the statement.

Shri M. Ananthasayanam Ayyengar: May I know the extent of additional expenditure to the exchequer as a result of the employment of these persons?

The Honourable Sardar Vallabhbhai Patel: That question would require notice.

Shri R. K. Sidhva: May I know the total number of such persons under (a) and (b) that is, persons who have been employed drawing Rs. 1,000 and above?

The Honourable Sardar Vallabhbhai Patel: In one list of officers given in the statement the number is sixteen; in the other thirteen.

APPOINTMENT OF OFFICIALS AS ADVISERS BY CENTRAL GOVERNMENT TO STATES UNIONS.

*333. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of States be pleased to state whether it is a fact that some of the Governments of the newly formed Unions of States have opposed the appointment by the Government of India of advisers from among officials?

(b) If so, which of the Unions have so objected and do Government intend to reconsider their decision?

(c) What are the functions of such advisers and do they take orders from the Constitutional Governments of the Unions or are they directly responsible to the Government of India?

The Honourable Sardar Vallabhbhai Patel: (a) No.

(b) Does not arise.

(c) The functions of the Advisers are to advise the Ministries of the Union and to assist the Rajpramukh in the administration of subjects over which he has exclusive jurisdiction.

Shri H. V. Kamath: Have the Advisers any executive or judicial functions at all?

The Honourable Sardar Vallabhbhai Patel: They have no executive functions.

Shri H. V. Kamath: Any judicial functions?

The Honourable Sardar Vallabhbhai Patel: No judicial functions either.

STATES UNDER ADMINISTRATIVE CONTROL OF CENTRE

*334. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether the Government of India have taken over any States or group of States under their direct administrative control and if so, which are they?

(b) Have any popular Ministries been set up in any such areas and if not, why not?

(c) Have the Rulers themselves been appointed as the Chief Administrators or the Chief Commissioners in these areas and are the salaries paid to them in addition to the privy purse fixed for them?

The Honourable Sardar Vallabhbhai Patel: (a) Yes. Kutch, Bilaspur and Himachal Pradesh have been taken over under the direct control of the Central Government and are administered on the lines of a Chief Commissioner's Province.

(b) No. But an Advisory Council has been or is being set up in all these areas in order to aid and advise the Chief Commissioner in the administration of the area.

(c) In Bilaspur the Ruler has been appointed Chief Commissioner as a temporary measure. No salary is paid to him in addition to his privy purse.

ADMINISTRATION OF BILASPUR STATE

*335. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether it is a fact that Bilaspur State is not a viable unit but has been kept as a separate entity and not amalgamated with Himachal Pradesh, notwithstanding the wishes of the people of the State?

(b) Are Government aware that there is a strong popular feeling against the appointment of the Raja of Bilaspur as the Chief Administrator of the State?

(c) Do Government propose to reconsider their decision and effect immediate changes in the existing administrative set up on popular lines and if not, why not?

The Honourable Sardar Vallabhbhai Patel: (a) Bilaspur is not a viable unit but it was considered that in the public interest it should be kept as a separate entity and administered on the lines of a Chief Commissioner's Province.

(b) and (c). His Highness the Raja of Bilaspur has been appointed as the Chief Commissioner only as a temporary measure and permanent arrangement is under consideraton of the Government of India.

Shri H. V. Kamath: How long will this temporary arrangement continue?

The Honourable Sardar Vallabhbhai Patel: As long as it is considered necessary in the public interest.

Shri H. V. Kamath: Is not the Raja of Bilaspur, the temporary Commissioner of Bilaspur, the very person who carried on brutal repression against the national freedom movement in Bilaspur till some months ago—till Bilaspur acceded to India?

The Honourable Sardar Vallabhbhai Patel: I have no information on the subject.

CONVENTION OF STATES REPRESENTATIVES IN CONSTITUENT ASSEMBLY

*236. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether the attention of the Government of India has been drawn to the Convention of the members of the Indian States in the Constituent Assembly of India held in the third week of November 1948 at New Delhi, and to the various resolutions passed by the said Convention?

(b) Are Government of India in agreement with the proposals incorporated in these resolutions and what steps do they intend to take to remove the existing distinctions between the Unions of States and the Provinces?

The Honourable Sardar Vallabhbhai Patel: (a) Yes.

(b) Even before the Convention met, the Government of India had recognised the desirability of approximating the position of States to that of Provinces and to this end had taken appropriate steps which have met with some success.

Prof. N. G. Ranga: Have any Unions been recently constituted whose political position approximates to that of Indian Provinces?

The Honourable Sardar Vallabhbhai Patel: In all these Unions the new Covenant contains a clause in which they have agreed to fall in line with the Provinces.

Shri R. K. Sidhva: Do Government contemplate framing a model constitution for all the States to come into line with the Provinces?

The Honourable Sardar Vallabhbhai Patel: We have appointed a Committee to draft a Constitution which will be circulated to the States and Unions and it will be for them to accept as much as it suits them.

CONCESSION OF PREMATURE RETIREMENT TO EUROPEAN OFFICERS OF NON-SECRETARY OF STATE SERVICES

*237. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether any concession of

premature retirement has been extended to European officers of the non-Secretary of State services and if so, on what terms?

(b) Has this arrangement been accepted by His Majesty's Government in the U. K., and if so, on what conditions?

(c) What is the number of European officers who have availed of this concession or are likely to avail of this concession?

(d) What is the total number of such non-domiciled European officers who are still in the service of the Government of India?

The Honourable Sardar Vallabhbhai Patel: (a) Yes. The terms are that officers retiring under the scheme will receive such proportionate pension or gratuity or provident fund benefits, as the case may be, as would have been admissible to them in the event of their discharge from service on the abolition of their posts. The pension admissible in such cases normally bears the same proportion to the full pension as the years of qualifying service actually rendered bear to the years of qualifying service necessary to earn the full pension. In addition, the officers concerned will receive free repatriation passages and railway fares for themselves and the members of their families.

(b) Yes; the condition is that the extra cost involved in the arrangement will be borne by H. M. G.

(c) 79.

(d) 975.

MEASURES TO CHECK INFLATION

*338. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Finance be pleased to state whether the attention of the Government of India has been drawn to the views on the question of fighting inflation expressed by Shri Manu Subedar on the 30th November, 1948 and published in different newspapers?

(b) If so, do the Government of India agree with the suggestions made therein?

(c) What steps have so far been taken by the Government of India to fight inflation and how far have these measures proved effective?

(d) What percentage of increase has there been in the prices of all essential commodities like foodgrains, cloth, etc., during the last six months?

The Honourable Dr. John Matthai: (a) Yes.

(b) The suggestions made by Mr. Manu Subedar are that currency should be contracted in a spectacular manner and that Provincial Ministries should be abolished. Government naturally do not agree with these suggestions.

(c) I would invite the attention of the honourable member to the reply given to Question No. 33 on 1st February, 1949.

(d) Except over short periods, there has been a slight decrease in foodgrain and cloth prices during the last six months. A statement showing the wholesale price indices of certain essential commodities is laid on the table of the House.

STATEMENT

Wholesale Price Indices of essential Commodities in India

(Base Year ended August 39-100)

	July 1948	August 1948	Sept. 1948	Oct. 1948	Nov. 1948	Dec. 1948	Jan. 1949
(1) Cereals	473	475	475	470	481	490	478
(2) Pulses	440	440	454	458	462	454	445
(3) Sugar	366	362	360	356	323	309	307
(4) Gur	190	212	205	197	197	195	173
(5) Salt	104	105	104	106	104	110	105
(6) Spices and Condiments	485	500	494	503	506	537	516
(7) Vegetable Oils	548	548	543	553	560	563	665
(8) Oil Cakes	404	401	406	379	395	389	379
(9) Cotton manufactures	420	375	363	361	359	359	347
(10) Footwear	266	266	266	266	266	266	267
(11) Kerosene	186	188	188	188	188	188	188

Shri H. V. Kamath: With reference to part (d) of the question is the Honourable Minister aware that the black-market in food and cloth has still not been eliminated?

(*No answer was given.*)

Shri H. V. Kamath: No answer?

Mr. Speaker: It could be answered, but the question is not relevant.

Pandit Hirday Nath Kunzru: In which parts of India have prices of foodgrains and other commodities come down?

The Honourable Dr. John Matthai: I am laying a statement on the table of the House. The honourable member would have an opportunity of examining the figures.

Pandit Lakshmi Kanta Maitra: Do Government think that inflation is checked or is on the decrease? What is the considered opinion of Government?

Mr. Speaker: It is a matter of opinion.

Pandit Lakshmi Kanta Maitra: Government must have come to some decision whether as a result of the anti-inflationary measures they have taken the results have in their opinion justified the actions taken and that inflation is on the decrease. I want to know whether Government have applied their mind at all to this.

The Honourable Dr. John Matthai: My honourable friend has raised very big issue on which I would not like to commit myself to an answer at this stage. But the position broadly is this, that as far as the level of wholesale prices is concerned there has been—I would not say a definite fall in prices but there has been—a downward trend. That statement does not altogether apply in regard to cost of living where the position is that between 50 to 60 per cent. of the cost is the price of foodgrains and I personally do not expect there would be any perceptible downward trend in regard to foodgrain prices until the next *rabi* crop comes in. It is only then that control would become operative.

Shri K. Hanumanthaiya: Have Government taken steps to stop further issue of currency notes?

The Honourable Dr. John Matthai: Well, Sir, the issue of currency notes depends on the amount of expenditure, public and private, that is going on in the country.

Dr. Monomohan Das: May I know what anti-inflationary steps have been adopted by Government?

The Honourable Dr. John Matthai: I would refer the honourable member to the statement that Government issued on the 4th of October.

Prof. N. G. Ranga: Sir, the supplementary put by my honourable friend has not been answered. Have Government stopped any further issue of currency notes? There has been no answer at all. It must be possible to say, Yes or No because they are in possession of the information.

The Honourable Dr. John Matthai: Well, Sir, if the honourable member is in the habit of reading statements issued by the Reserve Bank, the honourable member would know that quite recently there has been a substantial drop in the amount of currency notes, although I notice last week there has been a slight increase. But the point is somewhat irrelevant to the question of inflation for this reason, that the amount of currency is more a secondary cause than a primary cause—it is more a symptom than a cause.

Shri S. V. Krishnamoorthy Rao: Very recently the Honourable the Food Minister told us that after the re-introduction of control as an anti-inflationary measure, the prices of foodgrains had gone up. Just now the Honourable the Finance Minister told us that there is a downward tendency in the prices. Which of these statements is correct?

Mr. Speaker: He did not say downward tendency for foodgrains.

Several Honourable Members: No, for wholesale prices.

The Honourable Dr. John Matthai: Sir, I am taking a period of six months. The procurement prices that were fixed by Government are of the order of 25 to 50 per cent. higher than the pre-decontrol prices of December 1947. On the whole there has been no perceptible reduction in regard to foodgrain prices.

REPORT OF COMMITTEE OF CENTRAL INSTITUTE OF LEPROSY RESEARCH

*339. **Shri O. V. Alagesan:** Will the Honourable Minister of Health be pleased to state:

(a) whether the committee appointed to report on the establishment of a Central Institute of Leprosy Research has submitted its report to Government, and

(b) if so, what action has been taken thereon?

The Honourable Rajkumari Amrit Kaur: (a) and (b). The Committee referred to by the honourable member was appointed in November, 1948. It has not yet submitted its report to Government.

Shri O. V. Alagesan: In the matter of the location of the Institute, will Government take into consideration the existing facilities and not be swayed by provincial or other considerations?

The Honourable Rajkumari Amrit Kaur: Government will never be guided by any considerations except what are best for the subject in hand.

FACILITIES FOR HIGHER EDUCATION IN PHARMACEUTICAL SCIENCE

*340. **Shri O. V. Alagesan:** Will the Honourable Minister of Health be pleased to state what are the facilities for higher education in pharmaceutical science obtaining in the country at present?

The Honourable Rajkumari Amrit Kaur: Facilities for studies in pharmaceutical science are provided by the Universities of Banares, Madras, Bombay and Agra.

Prof. N. G. Ranga: Is it true that it is proposed by Government to start a Research Institute for pharmaceutical science?

The Honourable Rajkumari Amrit Kaur: All these matters will be taken into consideration when the Pharmacy Council comes into being and begins to function.

Shri H. V. Kamath: Does the Honourable Minister propose to provide any facilities for the research and development of Ayurvedic pharmaceutical science?

The Honourable Rajkumari Amrit Kaur: When the policy of Government is decided in the matter, it will be time to consider that question.

Shri O. V. Alagesan: Is it not a fact that for want of facilities the industry is lagging behind? What steps do Government propose to take to advance the industry?

Mr. Speaker: The first part involves an opinion. Next question.

Prof. N. G. Ranga: Are Government maintaining any list of those experts who have studied pharmaceutical science in England and America and are they trying to make use of their services?

The Honourable Rajkumari Amrit Kaur: I would have to have notice of that question.

Shri H. V. Kamath: Is the Honourable Minister aware that in a number of cases which Allopathy gave up as hopeless, Ayurveda has effected remarkable cures?

CONTROL OVER COMMUNICATIONS IN HYDERABAD STATE

*341. **Prof. N. G. Ranga:** Will the Honourable Minister of States be pleased to state:

(a) whether the Hyderabad State is still being allowed to have its own coins and control over its posts and telegraphs and railways;

(b) whether similar rights have been conceded to any other State; and

(c) whether any efforts are being made to bring Hyderabad in line with other States in these matters?

The Honourable Sardar Vallabhbhai Patel: (a) Yes except that Hyderabad had no telegraph system of its own.

(b) Yes.

(c) Government have appointed a Committee to go into the question of integration of States Finances and these matters would arise in connection with such integration.

Shri M. Ananthasayanam Ayyangar: With reference to answer to part (b), may I know what the other States are?

The Honourable Sardar Vallabhbhai Patel: The other States which maintain separate coinage and postal systems are Travancore and Cochin. There are also States which maintain their own Railways, such as Baroda.

Shri M. Ananthasayanam Ayyangar: Is any attempt made to bring in line not only Hyderabad but the other States also, with the rest of India in these matters?

The Honourable Sardar Vallabhbhai Patel: That is the aim with which we are working.

EXPENDITURE ON POLICE ACTION IN HYDERABAD.

*342. **Prof. N. G. Ranga.** Will the Honourable Minister of States be pleased to state:

(a) whether the amount spent on the 'Police Action' in Hyderabad is to be recovered from Hyderabad; and

(b) whether any sum is being demanded from the State for the losses sustained by the Indian Army and Indian Police during the 'Police Action'?

The Honourable Sardar Vallabhbhai Patel: (a) and (b). These matters are under consideration.

LOCATION OF A BRANCH OFFICE OF CONTROLLER OF MILITARY ACCOUNTS, SOUTHERN COMMAND

*343. **Dr. V. Subramaniam:** Will the Honourable Minister of Finance be pleased to refer to the answer to my starred question No. 61 asked on the 10th August, 1948 and state that at what stage the proposal to locate a Branch of the office of the Controller of Military Accounts, Southern Command, in the South now stands?

The Honourable Dr. John Matthai: The proposal is still under consideration. I might add that it would be difficult to come to a final decision in the matter until the permanent strength and location of the Army is settled.

SELECTIONS MADE BY F. P. S. C. FOR GAZETTED POSTS

*344. **Shrimati Dakshayani Velayudhan:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) the number of Gazetted posts that were filled up by selection by the Federal Public Service Commission in the years 1947 and 1948;

(b) the number of gazetted posts for which the Federal Public Service Commission advertised in the years 1947 and 1948;

(c) the number of Gazetted posts that were filled up by old inoumbents by selection through the Federal Public Service Commission in 1947 and 1948;

(d) the number of fresh hands that were chosen for Gazetted posts in 1947 and 1948; and

(e) the number of old incumbents who were rejected by the Federal Public Service Commission in 1947 and 1948?

The Honourable Sardar Vallabhbhai Patel: (a) and (b). Separate figures for gazetted posts are not readily available but the combined figures regarding gazetted and non-gazetted posts are as under:

	1947.	*1948.*
(a)	675 (including 447 posts, proceedings for recruitment for which had been initiated in previous years).	1267 (including 658 posts, proceedings for recruitment for which had been initiated in previous years).
(b)	722	1069

(c) to (e). The information is not readily available with the Federal Public Service Commission and the time and labour involved in collecting it would not be commensurate with the results to be obtained.

Shri H. V. Kamath: Have there been any instances where posts were advertised by the Federal Public Service Commission but such posts were filled ultimately by persons other than those recommended by the Federal Public Service Commission?

Mr. Speaker: I am afraid it is too general a question.

Shrimati Dakshayani Velayudhan: When a candidate who is already in service appears before the Public Service Commission, is it a practice that a confidential report is asked for by the F.P.S.C. from the Department concerned?

The Honourable Sardar Vallabhbhai Patel: I want notice of that question; I have no knowledge about it.

Shri V. C. Kesava Rao: May I know how many out of these figures are Harijans?

Mr. Speaker: Order, order.

Shri M. Ananthasayanam Ayyangar: The Honourable Minister was not able to say how many are old incumbents and how many are new incumbents. May I ask him if the number of old incumbents is as large as the new incumbents who were not able to get over the F.P.S.C. examination? Persons are appointed temporarily and ultimately they themselves are selected.

Mr. Speaker: Order, order. I am afraid these are all inferences.

Shri M. Ananthasayanam Ayyangar: May I ask the Honourable Minister if in cases where the F.P.S.C. has to intervene or select, the Departments have been authorised to make appointments temporarily and those persons are also allowed to sit for the F.P.S.C. examination?

The Honourable Sardar Vallabhbhai Patel: There are rules to that effect. It is allowed in special cases for sufficient reasons.

Shri M. Ananthasayanam Ayyangar: Is it a fact that in all cases temporary appointments can be made by the various Departments even before the F.P.S.C. examination and it is only in case of permanent appointment the F.P.S.C. has to be consulted.

The Honourable Sardar Vallabhbhai Patel: Not in all cases.

Srijut Rohini Kumar Chaudhuri: May I venture to ask the Honourable Minister whether any of these figures include any one from the province of Assam?

Mr. Speaker: I do not propose to allow this question.

Shrimati Dakshyani Velayudhan: Are representatives of the Department asked to be present when a candidate of that Department is appearing for interview?

The Honourable Sardar Vallabhbhai Patel: Yes.

Shri M. Ananthasayanam Ayyangar: Has it come to the notice of the Honourable Minister—I will give a particular instance—in a case where students who have passed degrees in Geology were selected, first class M.As. were rejected and second-class people were selected recently, and complaints have come to the notice of the Honourable Minister regarding the manner in which selection has been made by F.P.S.C.?

The Honourable Sardar Vallabhbhai Patel: I cannot say that it is the case with regard to the selection made by the F.P.S.C.

Prof. N. G. Ranga: Are Government aware of the fact that there is a considerable amount of dissatisfaction prevailing at the manner in which F.P.S.C. itself is working?

The Honourable Sardar Vallabhbhai Patel: The general dissatisfaction is always there when selections are made, because those who are rejected are always dissatisfied.

RAIDS BY PAKISTAN NATIONALS ON INDIAN BORDER

*345. **Sardar Bhopinder Singh Man:** Will the Honourable Minister of Defence be pleased to state:

(a) the number of raids by Pakistan Nationals into Indian territory since August, 1947;

(b) the total loss of property involved in these raids;

(c) the total loss of life involved in these raids; and

(d) what arrangements have been made to stop recurrence of these raids?

The Honourable Sardar Baldev Singh: (a) 234.

(b) Rs. 5 lakhs approximately.

(c) 41 lives were lost. In addition 7 women and 47 men were kidnapped and have not yet been returned.

(d) I would refer the honourable member to my reply to part (d) of Starred Question No. 329, asked by Shri Sidhva a short while ago.

Sardar Bhopinder Singh Man: Do these Pakistan nationals who have been raiding Indian territory include any of Pakistan's armed soldiers or police constables?

The Honourable Sardar Baldev Singh: It is difficult to say whether they belong to the Army or Police, but they are all armed.

Sardar Bhopinder Singh Man: Do these casualties that you have referred to include any of our Armed Forces or Police constables?

The Honourable Sardar Baldev Singh: It is difficult for me to reply to this question, but most probably some police or members of the armed constabulary may be included in this.

Shri Deshbandhu Gupta: May I know whether it is a fact that sometimes our own nationals settle accounts on the spot by indulging in counter-raids?

The Honourable Sardar Baldev Singh: There have been raids from our side also.

Shri Mohan Lal Gautam: How many of these armed people who raided our territories were arrested and has the Government been able to find out that they belong to the Pakistan Army or Police Force?

The Honourable Sardar Baldev Singh: I have not got the information, but if the honourable member wants I can give him details.

Shri Krishna Chandra Sharma: Have any damages been claimed by the Government of India for the casualties from the Pakistan Government?

The Honourable Sardar Baldev Singh: Yes, Sir. All these damages are always reported to the Government of Pakistan.

Shri H. V. Kamath: Apart from Armed Forces, have there been any incursions by Pakistani spies into Indian territory?

Mr. Speaker: Even about Armed Forces he was not able to say. They are all Pakistan nationals, whether spies or Armed Forces.

Shri H. V. Kamath: But is the Minister aware that there is a school for the training of spies at Kasur just across the Indo-Pakistan border?

The Honourable Sardar Baldev Singh: It may be so but I have no information.

REPRESENTATIONS OF EAST PUNJAB STATES IN CONSTITUENT ASSEMBLY

*346. **Sardar Bhopinder Singh Man:** Will the Honourable Minister of States be pleased to state whether it is a fact that the East Punjab States other than the Patiala State had a representative in the Constituent Assembly before the inauguration of the East Punjab States Union and that thereafter that seat, having fallen vacant, has not been filled up so far?

The Honourable Sardar Vallabhbhai Patel: Before the formation of the Patiala and East Punjab States Union, Patiala had two representatives in the Constituent Assembly and Nabha, Kapurthala, Jind, Faridkot, Malerkotla and Kalsia along with 8 other States of Mandi, Bilaspur, Suket, Tehri-Garhwal, Sirmur, Chamba, Loharu and Bashahr had three representatives. After the formation of the Union the number of seats allotted to the Union is three. Regarding the filling up of these seats, the honourable member's attention is invited to my reply to question No. 229 on 9th February, 1949.

Shri H. V. Kamath: Does the Honourable Minister propose to call upon all the unrepresented States or Unions of States to elect their representatives and send them in time for taking their seats at the next session of the Constituent Assembly?

Mr. Speaker: This question has been replied to more than once. I have clear memory that it has been replied to.

Shri H. V. Kamath: Not about all the States, Sir.

Mr. Speaker: Yes, about all.

PRIVATE PROPERTIES OF RULERS OF INDIAN STATES

*347. **Shri Lakshminarayan Sahu:** Will the Honourable Minister of States be pleased to state the final decision made by Government regarding the private properties of the Rulers of Indian States and particularly of the Rulers of Orissa States?

The Honourable Sardar Vallabhbhai Patel: Except in regard to the Rulers of Chhattisgarh States, whose claims to private property have been settled by the Government of India in consultation with the Provincial Government, the claims of other Rulers of States which have merged in Provinces are still under consideration and an early settlement is expected.

Shri H. V. Kamath: Is it a fact that the Nizam has given up almost all his private property, otherwise known as *Sarfi Khas*?

The Honourable Sardar Vallabhbhai Patel: How does it arise from this question?

Shri H. V. Kamath: The question relates to the private properties of the Rulers of Indian States.

EXPENDITURE AND CASUALTIES IN KASHMIR OPERATIONS

*348. **Shri M. Ananthasayanam Ayyangar:** (a) Will the Honourable Minister of Finance be pleased to state what is the amount of money so far spent on Kashmir operations?

(b) What are the casualties so far dead and wounded?

(c) How much money are we saving per day by the cease fire?

The Honourable Dr. John Matthai: (a) and (c). It will not be in the public interest to disclose this information at present.

(b) The number of wounded and killed in the Kashmir operations, is as follows:

Number killed—1,795 all ranks.

Number wounded—4,109 all ranks.

LOANS TO JAMMU AND KASHMIR STATE

*349. **Shri M. Ananthasayanam Ayyangar:** (a) Will the Honourable Minister of States be pleased to state what is the total amount of loans so far given to the Government of Jammu and Kashmir State?

(b) What are the terms of these loans?

The Honourable Sardar Vallabhbhai Patel: (a) Two loans of Rs. 1 crore each were granted to the Jammu and Kashmir State in 1947-48, and a further loan of Rs. 1·20 crores was granted in the current year, making a total of Rs 3·20 crores.

Besides this, all expenditure incurred on Aid to Kashmir will be treated as a loan to the Jammu and Kashmir State. Since replying to starred question No. 29 on the 1st February, 1949, further figures have been received and the total estimated expenditure in this respect up to the end of the current year (including the expenditure on the Jammu Pathankot Road) now comes to Rs. 2,36,30,000.

(b) The two loans of Rs. 1 crore each granted last year, and the loan of Rs. 1·20 crores granted this year carry interest at 2½ per cent. and are repayable in five years or earlier. Interest is calculated from the date each instalment of the loans was actually drawn by the Jammu and Kashmir Government.

The terms on which the expenditure on Aid to Kashmir is to be treated as a loan have not yet been settled.

Shri Mahavir Tyagi: What is the security for the loan?

The Honourable Sardar Vallabhbhai Patel: Well, a large part of it is covered by substantial securities.

Shri Mahavir Tyagi: I wanted to know what are the securities.

The Honourable Sardar Vallabhbhai Patel: Government securities.

ILLITERACY IN INDIA

†*350. **Shri S. Nagappa:** Will the Honourable Minister of Education be pleased to state:

(a) what the actual percentage of illiteracy in the country is; and

(b) whether there is any scheme under the Government of India to organize special classes to enable people in Services to study for Arts and Science Subjects?

† Answer to this question laid on the table, the questioner being absent.

The Honourable Maulana Abul Kalam Azad: (a) As no census has been taken after 1941, exact figure is not available but it can be assumed to be between 83 and 84 per cent. for the whole of India (excluding States) and between 85 and 86 per cent. for Indian States.

(b) Arrangements exist in the Navy, Army and Air Force to provide general education to Service personnel.

RANK OF DEPUTY MINISTER IN MINISTRY OF EXTERNAL AFFAIRS AND COMMONWEALTH RELATIONS IN THE WARRANT OF PRECEDENCE

*351. **Shri Mahavir Tyagi:** (a) Will the Honourable Minister of Home Affairs be pleased to state if in accordance with the "Table of Rank and Precedence" as approved by His Majesty King George the VI, the post of the Secretary-General of External Affairs and Commonwealth Relations is ranked as higher than the office of the Deputy Minister in the Ministry of External Affairs and Commonwealth Relations?

(b) Is it further a fact that according to the same table the Deputy Minister will rank below the Secretary-General only for so long as Shri Girja Shankar Bajpai occupies the post?

The Honourable Sardar Vallabhbhai Patel: (a) Yes.

(b) In the table of Precedence foreign Ambassadors in India are given a very high place. In accordance with the usual practice elsewhere, Indian Ambassadors and those who have the rank of Ambassadors and who have to deal with foreign Ambassadors have to be given a correspondingly high place in the table of Precedence. This is in accordance with practice in other countries. All our Ambassadors have this position. The Secretary General as the permanent head of the Foreign Office is in the same category.

Shri Mahavir Tyagi: I wanted to know whether the position given to the Secretary-General of External Affairs and Commonwealth Relations, Shri Girja Shankar Bajpai is higher than the position given to the Deputy Minister of the same Ministry?

The Honourable Sardar Vallabhbhai Patel: That is what I have said. The Secretary-General, being the permanent head of the Foreign Office, is in the same category as an Ambassador.

Shri H. V. Kamath: The Honourable Minister referred to the practice obtaining in other countries. Is it a fact that the Secretary-General of the Foreign Ministry in other countries is assigned the same position, *vis-a-vis* the Deputy Foreign Minister of those countries?

The Honourable Sardar Vallabhbhai Patel: I have said so; it has been ascertained.

Shri H. V. Kamath: Is there any Warrant or list of Precedence for members of Parliament, *vis-a-vis* permanent servants in the Foreign Office and other Ministries?

The Honourable Sardar Vallabhbhai Patel: Members of Parliament have a much higher position; being free men they can go about wherever they want.

Shri H. V. Kamath: Higher than what?

Mr. Speaker: Higher than what the member had in mind.

Shri Mahavir Tyagi: Is this office has been mentioned by the name of the individual—Shri Girja Shankar Bajpai—is there a note that this higher position will remain so long only as Shri Girja Shankar Bajpai occupies this office?

The Honourable Sardar Vallabhbhai Patel: As I have already stated, this is in accordance with the practice in other countries.

Shri Mahavir Tyagi: Is it mentioned in the Warrant of.....

Mr. Speaker: These are matters of detail into which we need not go.

Shri M. Ananthasayanam Ayyangar: May I ask the Honourable Minister if this precedence of the Secretary-General over the Deputy Minister extends to the work in the Department also?

The Honourable Sardar Vallabhbhai Patel: No.

Shri H. V. Kamath: Has the Secretary-General to carry out the orders of the Deputy Minister?

The Honourable Sardar Vallabhbhai Patel: It depends upon the nature of the work; and there is always the Chief Minister.

Shri M. Ananthasayanam Ayyangar: Is not the Secretary-General considered to be subordinate to the Deputy Minister of that Department?

Mr. Speaker: Order, order.

Shri Mahavir Tyagi: Is it a fact that in the column of Secretary-General it is mentioned that this position will continue so long as Shri Girja Shankar Bajpai occupies that office? Is this position given to the person of Shri Girja Shankar Bajpai or to the office of Secretary-General?

The Honourable Sardar Vallabhbhai Patel: As I have already stated, this is in accordance with the practice in other countries, so far as that office is concerned.

Shri H. V. Kamath: Is the Secretary of any other Ministry assigned a higher place in the Order of Precedence, than the Deputy Minister?

The Honourable Sardar Vallabhbhai Patel: No.

Archæological Excavations

*352. **Srijut Rohini Kumar Chaudhuri:** Will the Honourable Minister of Education be pleased to state:

(a) whether any excavation has been conducted by the Archæological or Anthropological Department of the Government of India for purposes of research and discovery within recent years and if so, when and with what result; and

(b) whether any assistance, monetary and otherwise, has been given by the Government of India to Kamrup Museum in Gauhati for this purpose and if so, what?

آنریبل مولانا ابوالکلام آزاد: (a) ہاں - پچھلے چار برسوں کے اندر کئی کام کھدائی کے کئے گئے ہیں - ۱۹۳۵ میں پالنیچری کے پاس ایک جگہ کھدائی کی گئی - وہاں سے جو چیزیں نکلی ہیں ان سے معلوم ہوتا ہے کہ یہاں پہلی اور دوسری صدی اے - ڈی - میں ایک انڈو - رومن تجارتی اسٹیشن تھا - پرانی عمارتوں کے نمونے بھی پائے گئے ہیں - ان میں ایک ایسا ہے جسے ایک بڑی فیکٹری وہاں بنائی گئی ہو - ایک دوسرا اس طرح کا ہے جیسے وہاں تجارتی چیزیں رکھی جاتی ہوں - اس کھدائی سے اس کام میں بھی بہت مدد ملی کہ بوتن بنانے کی جو لوکل انڈسٹری ہے اس کے الگ الگ قسموں اور رنگوں کا ٹھیک کھوج لگایا جاسکے -

۱۹۴۶ - ہڑپا (پنجاب) میں کھدائی کا کام ہوا - یہاں ایک قلعہ کے نشان پائے گئے ہیں اور ایک ایسی جگہ بھی ملی ہے جہاں مردے گاڑے جاتے تھے -

۱۹۴۷ - برہما گری اور چندراوالی میں کھدائی کا کام ہوا جو میسور اسٹیٹ کے دکھنی حصے میں ہے - یہاں پہلی مرتبہ یہ بات روشنی میں آئی کہ پتھر کی چٹانیں جو یہاں تراشی گئی ہیں انکا زمانہ دوسو - بی - سی - سے پہلی صدی اے - ڈی - کے شروع تک لے جایا جا سکتا ہے -

۱۹۴۸ - سیسو پال گڑھ اڑیسہ - میں کام ہوا اور ایک چوکور قلعہ کے نشان ملے جو ہر طرف تین چوتھائی میل تک چلا گیا ہے - انکا زمانہ دوسو بی - سی - سے تین سو اے - ڈی - تک کا خیال کیا گیا ہے -

(b) کھوئی کے کام روپ میوزیم کو گورنمنٹ آف انڈیا سے کوئی روپیہ کی مدد نہیں دی گئی - کیونکہ وہ ایک پراونشیال میوزیم ہے - لیکن آرکیالجیکل ڈیپارٹمنٹ ہمیشہ اس طرح کی اڈوائس دیتا رہتا ہے جو میوزیم کا کام بڑھانے کے لئے ضروری ہے - اس میوزیم کو پرانی چیزوں کے دو سٹ بھی دئے گئے ہیں - ایک موہنجودارو کی چیزوں کا - دوسرا ہڑپا کا -

The Honourable Maulana Abul Kalam Azad: (a) Yes; the following excavations were carried out by the Department of Archæology during the past four years of which the results are briefly indicated below:

1945.—During April-June, 1945, excavations were conducted at a site called Arikamedu near Pondicherry, the capital of French India. Here an Indo-Roman trading station belong to the 1st-2nd centuries A.D. was brought to light. Of the structures discovered, a ware-house and a large factory-area deserve special notice. The excavations helped a great deal in chronologically classifying the local ceramic industry.

1946.—During Rpril-June, 1946, excavations were conducted at the well-known site of Harappa in the Punjab. Here a citadel of outstanding importance was brought to light. Besides, a cemetry belonging to the Harappa culture was also discovered.

1947.—During March-May, 1947, excavations were undertaken at sites called Brahmagiri and Chandravalli in the Northern part of the Mysore State and it was here for the first time that the local megaliths were dated from circa 200 B.C. to the beginning of the Christian era.

1948.—During April-June, 1948, the site of Sisupalgarh near Bhuveneshwar in Orisea was excavated and a squarish fort measuring about 3/4ths of a mile each way, with an excellent lay-out and elaborate system of gateways ranging in date from circa 200 B.C. to A.D. 300 was brought to light.

(b) No monetary assistance for purposes of research has been given by the Government of India to Kamrup Museum in Gauhati which is a provincial museum. The Department of Archæology has, however, made always available such advice as was possible for the development of the Museum. The Museum has also been presented with a representative set of Mohenjodaro antiquities and a representative set of painted potsherds from Harappa.

Srijut Rohini Kumar Chaudhuri: I would like to get this answer translated into English as it is in Urdu.

Mr. Speaker: Not necessary, I believe the honourable member understands Hindustani.

Srijut Rohini Kumar Chaudhuri: No, I did not understand some of the words, such as 'Khudayagaya' 'Jamana', etc.

Mr. Speaker: It seems to me, we are turning the occasion of the questions for a controversy about Hindi, Urdu and all that. I do not propose to allow it. If the honourable member has not really understood the answer, then of course, I would request him to study the same.

Srijut Rohini Kumar Chaudhuri: I could understand the answer in a way, but not fully.

Mr. Speaker: Then we may proceed with the supplementary questions.

Srijut Rohini Kumar Chaudhuri: Sir, I want to know whether since the establishment of the two Departments, any excavation has been done by the Archæological Department in the province of Assam?

آنریبل مولانا ابوالکلام آزاد : نہیں ۔

The Honourable Maulana Abul Kalam Azad: No.

Srijut Kuladhar Chaliha: After the discovery made by Dr. Hutton, has any scholar been deputed to carry out investigations in Assam in the field of anthropology?

آنریبل مولانا ابوالکلام آزاد : اس کیلئے نوٹس کی ضرورت ہے ۔

The Honourable Maulana Abul Kalam Azad: I would like to have notice of that question.

Shri O. V. Alagesan: Will Government consider the desirability of taking under the control of the Archæological Department, in addition to important ancient monuments, important sites also like the birth place of Shri Krishna in Mathura?

Mr. Speaker: The honourable member need not proceed with the question, because it is a suggestion for action.

श्रीमती जी दुर्गाबाई : क्या में आनरेबिल मिनिस्टर से यह जान सकती हूं कि जो चीजें इन पांच छः जगहों में मिली हैं वे सब इकट्ठा की गयी हैं और की गयी हैं तो कहां रखी गयी हैं ?

Shrimati G. Durgabai: May I know from the Honourable Minister whether all the articles which have been excavated from these five places have been collected at one place; and if so, what place?

آنریبل مولانا ابوالکلام آزاد : مختلف جگہوں میں ان کا کام جاری ہے آخری انتظام انکا ابھی تک نہیں ہو سکا ہے ۔

The Honourable Maulana Abul Kalam Azad: The work in this direction is already in progress at different places No final arrangements in this respect could however, possibly be made by this time.

Srijut Rohini Kumar Chaudhuri: Is it a fact that Dr. Girja Shankar Guha visited Assam and he had reported that there was a large field for research in anthropology in Assam?

آنریبل مولانا ابوالکلام آزاد : یہ میرے علم میں نہیں ہے ۔ اس کے لئے نوٹس کی ضرورت ہے ۔

The Honourable Maulana Abul Kalam Azad: This is not within my knowledge. I would like to have a notice for that.

श्री एच० वी० कामत : क्या इन तमाम खुदाई के कामों को स्थगित करके जो बचत हो उसको जनता के अन्न और वस्त्र के प्रबन्ध के लिये उपयोग में लाने की तजवीज माननीय शिक्षामंत्री के.....

Shri H. V. Kamath: Has the Honourable Minister in view any such proposal for the postponement of all these excavation works and utilize the amount thus saved for the provision of food and clothing for the masses?

Mr. Speaker: It is only a suggestion for action.

Shri H. V. Kamath: The question is, whether there is such a proposal before Government?

Mr. Speaker: Whatever the form of it, in substance it is a suggestion for action.

LOANS TO JAMMU AND KASHMIR STATE

*353 { **Shri Lakshminarayan Sahu**
Sardar Hukam Singh
Shri Satis Chandra Samanta

(a) Will the Honourable Minister of States be pleased to state the amount of money that has been advanced as loan to the Government of Jammu and Kashmir by the Government of India?

(b) Do Government contemplate to advance any further loans to the Government of Jammu and Kashmir and if so, what is the amount proposed to be advanced as loan?

The Honourable Sardar Vallabhbhai Patel: (a) I invite the honourable member's attention to the reply I gave earlier to Shri M. Ananthasayanam Ayyangar on the same subject.

(b) It is impossible to anticipate the demands that may arise.

LOSS OF LIFE AND PROPERTY IN KASHMIR

*354 { **Shri Lakshminarayan Sahu**
Sardar Hukam Singh
Shri Satis Chandra Samanta

(a) Will the Honourable Minister of [illegible]nce be pleased to state the date on which military operations by the Indian forces started in Kashmir?

(b) What was the date on which these operations came to a close?

(c) How many citizens of the Indian Dominion were (i) killed and (ii) injured?

(d) What is the value of the property burnt, looted and destroyed by the tribal raiders and the Pakistan Army?

(e) What is the number of houses looted and destroyed by the raiders and the regular Army of Pakistan?

(f) What is the number of men and women kidnapped?

(g) What steps are the Government of India taking to recover these abducted men and women?

The Honourable Sardar Baldev Singh: (a) 27th October, 1947.

(b) The cease fire order was carried out by Indian troops all along the front in Jammu and Kashmir on the midnight of January 1, 1949.

(c) As regards the figures of military casualties, I would refer the honourable member to the answer given by my colleague the Honourable Finance Minister to Starred Question No. 348, asked by Shri M. Ananthasayanam Ayyangar a short while ago. As regards civilians, although it is known that a large number of them were either killed or wounded, exact figures are not readily available.

(d) and (e). I regret information in the detail required is not available at present.

(f) I would refer the honourable member to the answer given by my colleague the Honourable the Minister for Transport to Starred Question No. 77 asked by Shri M. Ananthasayanam Ayyangar on the 2nd February, 1949.

(g) Through the good offices of the International Red Cross, a number of these persons have already been recovered. The question of establishing a separate Search Service Organisation for this area is under consideration.

ARREARS OF INCOME-TAX

***355. Prof. K. T. Shah:** (a) Will the Honourable Minister of Finance be pleased to state how much of Income-tax, Supertax and Corporation Tax is in arrears since 1944-45, 1945-46, 1946-47 and 1947-48?

(b) How many assessees are involved in such arrears as individual tax payers, undivided joint Hindu families, partnership concerns and corporations?

(c) How many of such assessees have left the Union of India for Pakistan and are not now chargeable to the tax by the Government of India, and how much amount is due from them on account of such arrears?

(d) What arrangements, if any, have been made between the Government of India and the Government of Pakistan for the collection of all such arrears, and their being credited to the Governments concerned?

The Honourable Dr. John Matthai: (a) The demand for income-tax, super-tax, and corporation tax levied in 1947-48 and all earlier years outstanding on 1st April, 1948, less amount pending settlement of double income tax relief claim is about Rs. 38 crores. Separate figures for 1944-45 to 1947-48 are not available.

(b) The information asked for is not readily available and cannot be compiled without an examination of the assessment records of the assessees concerned.

(c) The number of assessees who have left the Union of India for Pakistan is 1,351 and the amount of tax due from them on account of arrears is Rs. 93 lakhs.

(d) A reciprocal arrangement exists between the two Dominions whereunder a Collector in one Dominion shall on receipt of a certificate from an Income-tax Officer in the other, recover the amount specified in the certificate and remit it to the Income-tax Officer after deducting his expenses in connection with the recover proceedings. The honourable member is referred to sub-sections (8) to (10) of section 46 of the Indian Income-tax Act, which give effect to this arrangement.

Prof. K. T. Shah: May I ask, if the amount outstanding is so large as 38 crores for a period streching over four years, is there not a danger that, in view of the great depression in the security market, there may be a serious

loss to Government in this regard, and, if so, what steps the Government are taking to safeguard against this loss?

The Honourable Dr. John Matthai: That is the subject of next question of my honourable friend.

Pandit Lakshmi Kanta Maitra: May I ask whether these 38 crores represent the total demand or does that figure represent the amount outstanding? This point was not made in the answer.

The Honourable Dr. John Matthai: It is the amount outstanding. It is the arrears.

Shri L. Krishnaswami Bharathi: As regards part (d) of the answer regarding the arrangement that exists between the two Dominions, may I know how much of this amount has been recovered under this arrangement so far and how much have we collected for the Pakistan Government?

The Honourable Dr. John Matthai: I knew that this question would be put to me and I examined the papers. I find that on both sides the arrangement has worked unsatisfactorily.

Shri B. Das: May I enquire how much of these arrears is confined to those who have declared themselves bankrupt and have left since 1947-48?

The Honourable Dr. John Matthai: I have no information.

Mr. Homi Mody: In view of the admitted delays in finalising the assessments, is the Honourable Minister prepared to consider the necessity of adequately manning the Department.

The Honourable Dr. John Matthai: That is a matter which is under consideration.

Shri M. Ananthasayanam Ayyangar: May I know, on an average, what percentage of the demand of each year is left over as arrears for the next year?

The Honourable Dr. John Matthai: It is very difficult to state the average figure in a matter of this kind.

Pandit Hirday Nath Kunzru: May I know to what extent the Income-tax Department has been strengthened in the course of this year in order to deal adequately with its duties?

The Honourable Dr. John Matthai: I have at present under consideration a scheme for immediately strengthening the staff of the Income-tax Department. How many have been recruited quite recently, I am not in a position to say. But I expect in the course of a month or two to be able to strengthen the Income-tax Department in a manner that would enable them to deal with this work satisfactorily.

Shri B. P. Jhunjhunwala: May I ask whether the assessees have any objection to the estimated assessment of 38 crores as income-tax due from them or whether they have agreed to the assessment?

The Honourable Dr. John Matthai: This is our estimate of what is outstanding.

Shri L. Krishnaswami Bharathi: May I take that out of the 83 lakhs shown as due from those who have gone away to Pakistan, nothing has been recovered under the mutual arrangement?

The Honourable Dr. John Matthai: No, very little.

Shri Deshbandhu Gupta: May I know if Government have got figures of the debts which the Pakistan nationals who have left India owe to the nationals of India?

The Honourable Dr. John Matthai: I understand, no.

Shri Deshbandhu Gupta: Has any attempt been made to compile these figures or have Government received representations in this matter from creditors in India?

The Honourable Dr. John Matthai: I understand it has not been done so far.

Shri Kishori Mohan Tripathi: May I enquire whether out of the total income-tax demanded every year, only 10 per cent. is actually collected?

The Honourable Dr. John Matthai: I would like to have that looked into. I have not seen a figure of that kind so far.

Mr. Nasiruddin Ahmad: May I know what amount out of the huge arrears has been realised since 1st April 1948?

The Honourable Dr. John Matthai: In view of these various questions on the subject of outstandings and the speed with which we are collecting them, probably the best way in which I can answer them is this: during the months under consideration, that is to say from April to December, 1948, our collection of outstandings has been considerably better than the collection during the corresponding period of the previous year.

Collection of Arrears of Income-tax

***356. Prof. K. T. Shah:** (a) Will the Honourable Minister of Finance be pleased to state what steps, if any, have been taken to secure the payment of Income-tax, Supertax and Corporation Tax, which have fallen into arrears or are due for collection, and how far those arrangements have proved effective?

(b) What are the reasons for the existence of such arrears?

The Honourable Dr. John Matthai: (a) Steps taken to collect taxes in arrear—

(1) Penalties under section 46 (1) were imposed at progressive rates where demands were not paid in time and certificates under section 46 (2) were issued to the Collectors where the demands were still unpaid.

(2) Provincial Governments were addressed by this Ministry to issue instructions to the Collectors to expedite the recovery of taxes in cases covered by the certificates mentioned above.

(3) The Indian Income-tax Act was amended in 1948 to enable Income-tax Officers without the intervention of any revenue authority or a court to collect the taxes direct from the defaulter's debtors; and this provision has been made use of in several cases.

(4) Action was taken in several cases under the Payment of taxes (Transfer of Property) Ordinance, 1948 (XXI of 1948) issued in 1948.

(5) The Central Board of Revenue specially deputed the officers of the Directorate of Inspection to the various provinces to speed up collection and to see that coercive measures had been taken in appropriate cases.

A sum of 15:76 crores was collected on account of arrears between the months of April, 1948 and December, 1948.

(b) The existence of arrears is due, to the collection of taxes having to be kept in abeyance pending the disposal of appeals, to the migration of Muslim assessees to Pakistan, to the migration of assessees to States, to the voluntary liquidation of private companies, and to non-resident assessees not possessing in India sufficient assets from which the tax demanded from them could be easily collected.

Prof. K. T. Shah: May I ask if the Honourable Minister will tell us what, if any, loss has so far been incurred to the knowledge of the Department out of the assessees having failed or been unable to pay their arrears?

The Honourable Dr. John Matthai: I would like to have notice of that question.

Prof. K. T. Shah: Is he aware that there is a chance, in view of the serious situation that has occured in the last two years of outstandings being impossible to be recovered from the assessees?

The Honourable Dr. John Matthai: I am very well aware of that problem, Sir.

Mr. Speaker: The question hour is over.

(B) WRITTEN ANSWERS

R. S. S. VOLUNTEERS ARRESTED, DETAINED AND CONVICTED IN CENTRALLY ADMINISTERED AREAS

***357. Shri Mahavir Tyagi:** (a) Will the Honourable Minister of Home Affairs be pleased to state the total number of persons arrested, detained or convicted in the Centrally Administered Areas in connection with the movement started recently by the R. S. S.?

(b) Is it a fact that the said movement has now been withdrawn?

(c) If so, what is the policy of Government with regard to the release of the persons under arrest?

The Honourable Sardar Vallabhbhai Patel: (a) 2,200, 185 and 1,814 respectively.

(b) Yes.

(c) The following policy is being followed:

(i) All students, whether detenus or convicts, should be released with the exception of only those who were actively organising the Sangh activities. In the case of those who were convicted, the sentences should be remitted, and not merely suspended.

(ii) No consideration whatsoever should be shown to Government servants involved in R.S.S. activities.

(iii) In respect of other categories of prisoners including detenus, there should be no general jail delivery, but those who give an undertaking of good behaviour for the future should be released. Also, those below the age of 18 should be released even without an undertaking (their sentences being either remitted or suspended at the discretion of the Provincial Government).

(iv) Pending trials should be completed in the normal course except in the case of students in whose cases the prosecution should be withdrawn.

UTILISATION OF BUILDING MATERIALS OF UNOCCUPIED MILITARY BARRACKS AND OTHER STRUCTURES

***358. Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Defence be pleased to state whether Government are aware that a large quantity of cement and corrugated iron sheets are lying unused in military barracks and other structures built for Defence Department which are lying unoccupied?

(b) What is the total area of the building space thus lying unused?

(c) What steps have Government taken for the early utilization of all the building material which is lying unused in this way?

The Honourable Sardar Baldev Singh: (a) There is always a certain amount of cement and corrugated iron sheets in stock in various places awaiting to be

used on some work or other. The exact quantities are not readily available but I have no reason to believe that they are excessive.

(b) The question is not clear. If the honourable member wishes to know how much space is used for storing cement and corrugated sheets I am sorry the information is not available.

(c) Building materials are bought and used as and when required. Construction cannot be undertaken simply because building materials may be available. Any material which is not likely to be required in the near future is disposed of. For example some unwanted black corrugated iron sheets have been declared surplus to the Director General of Disposals for sale.

PLOTS OF LAND TO GOVERNMENT SERVANTS' CO-OPERATIVE SOCIETIES

*359. **Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Health be pleased to state whether Government are aware that questions have been asked in the Constituent Assembly (Legislative) during the last two years regarding the grant of plots of land to Government Servants Co-operative Societies for building residential quarters?

(b) Are Government also aware that in about 1940-41 the late Education, Health and Lands Department sanctioned a scheme for the sale of 400 or 500 plots of lands near Old Fort to Government servants at reasonable rates, which was postponed for the duration of the war and has not been revived?

(c) Are Government further aware that Provincial Governments (*e.g.*, United Provinces, Bombay and Madras) have given great relief to their Government servants by allotting them plots of land on concessional rates for residential purposes alongwith their refugees whereas the Government of India have done nothing so far for their Government servants?

(d) Have Government come to any decision on the question of granting plots of land in New Delhi for residential purposes to Government Servants Co-operative Societies?

The Honourable Rajkumari Amrit Kaur: (a) Yes.

(b) No such order appears to have been issued by Government.

(c) It is understood that the Government of the United Provinces have not allotted plots of land at concessional rates to Government servants for residential purposes. The Governments of Bombay and Madras, who have also been addressed for information on this point have not yet replied.

(d) The Delhi Improvement Trust has under consideration schemes for the allotment of land to Co-operative Housing Societies including those of Government servants. They will be asked to expedite a decision but I may mention that developed land at present available with the Improvement Trust for allotment is limited.

PUBLICITY AMONG VILLAGERS OF GOVERNMENT'S PRESENT POLICY REGARDING RECRUITMENT TO ARMY

*360. **Babu Ramnarayan Singh:** Will the Honourable Minister of Defence be pleased to state whether Government have acquainted the people in the villages with Government's present policy of opening military service to all classes of Indian nationals without any distinction, and if so, how?

The Honourable Sardar Baldev Singh: Yes, Government have given wide publicity to the policy of admitting all classes of people without any distinction whatsoever to the Armed Forces of this country. This has been done through the press and recruiting organisations. Publicity to this policy is also given

at the Recruiting Rallies and ex-servicemen's Re-unions. Government have also opened additional recruiting centres in the areas which have, in the past, contributed only a small number of recruits to the Armed Forces.

AGENCY COLLECTING INFORMATION *RE* GRIEVANCES OF EX-MILITARY MEN

*361. **Babu Ramnarayan Singh:** Will the Honourable Minister of Defence be pleased to state whether there is any official or non-official agency or agencies to collect information regarding the grievances of ex-military men and to forward it to Government and if so, how is the agency constituted?

The Honourable Sardar Baldev Singh: As the House is no doubt aware, there is the Sailors', Soldiers' and Airmen's Board Organisation the main task of which is to look after the interests of ex-servicemen and their families. This organisation consists of a Central Board, 9 Provincial Boards, 136 District Boards and 30 State Boards. Brief details of this organisation are given in a pamphlet recently published by the Indian Sailors', Soldiers', and Airmen's Board, a copy of which is available in the library of the House.

In addition, a Defence Organisation has now been set up in the Ministry of Relief and Rehabilitation for looking after the interests of all displaced service and ex-service personnel. Regimental Centres and personnel of the Recruiting Organisation also keep in touch with ex-servicemen and afford them all possible assistance and advice. Cases requiring the attention of Government are referred to the proper authorities.

CANTONMENT BOARD AT RAMGARH, BIHAR

*362. **Babu Ramnarayan Singh:** Will the Honourable Minister of Defence be pleased to state whether any Cantonment Board has been established at Ramgarh in the district of Hazaribagh, Bihar and if so, what is the constitution of the same, and if not, why not?

The Honourable Sardar Baldev Singh: Yes. As regards the composition of the Board, I lay a statement on the table of the House.

STATEMENT

The Cantonment Board at Ramgarh consists of the members :—

(a) The Officer Commanding the Station;
(b) A Magistrate of the First Class nominated by the District Magistrate ;
(c) The Health Officer;
(d) The Executive Engineer;
(e) Four military officers nominated by the Officer Commanding the Station;
(f) Six elected members; and
*(g) One non-Official nominated by the Central Government under Section 17(2)(c) of the Cantonment Act.

*This was necessitated by the fact that no valid nomination papers were filed by one of the wards in Ramgarh at the election.

MILITARY RECRUITING CENTRES IN BIHAR

*363. **Babu Ramnarayan Singh:** Will the Honourable Minister of Defence be pleased to state whether there are any military recruiting centres in Bihar and if so, how many and where?

The Honourable Sardar Baldev Singh: There are three Recruiting Centres in Bihar, one each at Patna, Ranchi and Muzaffarpur.

REMOVAL OF MONEY FROM HYDERABAD BY MR. SYDNEY COTTON

*364. **Shri Biswanath Das:** Will the Honourable Minister of States be pleased to state:

(a) whether Government have made any investigation as to:

(i) the total amount of money spent by Laik Ali Ministry in Hyderabad in the course of its year of existence for war preparations, for propaganda within India and outside India; and if so what; and

(ii) the persons as also agencies or institutions or firms, if any, who have received such sums of money each separately under the above three heads; and

(b) whether Government have inquired about the truth of the allegation that a large amount of money, including gold and silver, was removed from Hyderabad by Mr. Sydney Cotton in his return flights to Karachi?

The Honourable Sardar Vallabhbhai Patel: (a) (i) Yes. From the information so far available, a total of about Halli Sicca Rupees 9 crores and fifteen lakhs was spent. (H.S. Rs. 116-10-8 is equivalent to I.G. Rs. 100).

(ii) It is not in the public interest to disclose this information.

(b) A physical remittance of I.G. Rs. one crore from the State paper Currency Reserve, was effected to Karachi through Mr. Cotton in September, 1948 No other information is available.

POLICY *RE* CONSTRUCTION OF MORE HOUSES

*365. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Health be pleased to state what is the policy of Government with regard to the construction of more houses?

(b) What steps have they taken to encourage private persons in this regard?

(c) What facilities have Government given so far as availability of steel, cement, iron and wood are concerned to private individuals?

The Honourable Rajkumari Amrit Kaur: (a) Government desire the largest possible number of houses to be constructed and made available as soon as possible to the public on reasonable rent.

(b) The question of encouraging private persons in the matter of construction of more houses is primarily the responsibility of the Provincial Government. Details of the steps taken by Provinces in this regard are not readily available. Private schemes for the provision of healthy houses at a reasonable rent which come to the notice of the Government of India receive assistance from the Department of Housing in the form of technical advice and recommendations to the appropriate authorities for the allotment of materials in short supply.

(c) The responsibility for making these materials available to private individuals for building houses rests with the Provincial Governments. Quotas of these articles are placed at the disposal of the Provincial Governments and the distribution of these quotas to private individuals is entirely at their discretion.

UNSTARRED QUESTIONS AND ANSWERS

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF DEFENCE

8. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Defence be pleased to state the number of meetings of the Standing Committee for the Ministry of Defence held during the calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Sardar Baldev Singh: (a) Seven.

(b) I lay a statement on the table of the House.

STATEMENT

The total number of members is ten. The attendance at each meeting is as follows:

I meeting	5
II meeting	6
III meeting	6
IV meeting	9
V meeting	6
VI meeting	7
VII meeting	6

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF EDUCATION

9. Mr. R. K. Sidhva: (a) Will the Honourable Minister of Education be pleased to state the number of meetings of the Standing Committee for the Ministry of Education held during the calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Maulana Abul Kalam Azad: (a) Two.

(b) Total number of members on the Standing Committee of the Legislature on Education is ten, out of which seven attended the first meeting held in April and eight attended the second meeting held in August, 1948.

MEETINGS OF STANDING FINANCE COMMITTEE

10. Shri R. K. Sidhva: (a) Will the Honourable Minister of Finance be pleased to state the number of Standing Finance Committee meetings held during the calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Dr. John Matthai: (a) and (b). A statement showing the particulars asked for is laid on the table of the House.

STATEMENT

Finance Committee were held and the number of members who attended the Meeting.

S. No.	Date	Number of members present out of the total of 14.
1	January 26	9
2	January 29	12
3	February 24	6
4	February 25	10
5	March 7	7
6	March 21	12
7	March 22	9
8	March 31	9
9	April 7	11
10	May 21	13
11	August 14	13

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF HEALTH

11. Shri R. K. Sidhva: (a) Will the Honourable Minister of Health be pleased to state the number of meetings of the Standing Committee for the Ministry of Health held during the calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Rajkumari Amrit Kaur: (a) Four. On 6th March, 1948, 8th August, 1948, 6th September, 1948 and 5th December, 1948.

(b) The total number of members is ten. There has never been a full attendance at meetings of the Committee. The attendance at the first meeting was six, at the second four, at the third four and at the fourth five.

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF INFORMATION AND BROADCASTING

12. Shri R. K. Sidhva: (a) Will the Honourable Minister of Information and Broadcasting be pleased to state the number of meetings of the Standing Committee for the Ministry of Information and Broadcasting held during the calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Shri R. R. Diwakar: (a) Three.

(b) The total number of members is 10. Attendance at each meeting was as follows:

1st meeting—six.

2nd meeting—seven.

3rd meeting—eight.

MEETINGS OF STANDING COMMITTEE FOR MINISTRY OF STATES

13. Shri R. K. Sidhva: (a) Will the Honourable Minister of States be pleased to state the number of meetings of the Standing Committee for the Ministry of States held during the calendar year 1948?

(b) What is the total number of members of the Committee and what was the attendance at each meeting?

The Honourable Sardar Vallabhbhai Patel: (a) Two.

(b) The total number of members is Ten. The attendance was three at the first meeting and six at the second meeting.

EXPENDITURE ON POST-WAR RECONSTRUCTION SCHEMES

14. Shri Lakshminarayan Sahu: Will the Honourable Minister of Finance be pleased to state what is the total amount of money spent on each item of work under Post-war Re-construction Schemes during the year 1948 and the previous year under the following heads and in what places or provinces the works were undertaken: (i) Railways; (ii) Roads; (iii) Irrigation Projects; (iv) Hydro-electric Projects; (v) Capital construction; (vi) Ship-building yards; (vii) Aerodromes; (viii) Agricultural farms; and (ix) Scientific Research?

The Honourable Dr. John Matthai: The necessary information is being collected and will be laid on the table of the House in due course.

EXPENDITURE ON CONFERENCES, COMMITTEE MEETINGS AND DELEGATIONS

15. Prof. K. T. Shah: Will the Honourable Minister of Finance be pleased to state what was the actual expenditure incurred in respect of (i) officials and (ii) non-officials on account of their attending Conferences or Committee Meetings or Delegations of the Government of India in or outside India in the years 1945-46, 1946-47 and 1947-48?

The Honourable Dr. John Matthai: The information asked for is being collected from the various Ministries. A statement will be laid on the table of the House as soon as information received is complete.

BOOK VALUE OF STORES IN VARIOUS MINISTRIES

16. Prof. K. T. Shah: Will the Honourable Minister of Finance be pleased to state what is the book value of the Stores in the several Ministries of the Government of India?

The Honourable Dr. John Matthai: The effort involved in collecting the figures will not be commensurate with the advantage gained.

SHORT NOTICE QUESTION AND ANSWER

SHRI C. RAJAGOPALACHARI'S OPINION AND APPEN. FROM ALL-INDIA ANTI-HINDU CODE COMMITTEE

Shri L. Krishnaswami Bharathi: Will the Honourable the Prime Minister be pleased to state:

(a) whether the attention of Government has been drawn to a printed appeal from the All-India Anti-Hindu Code Committee, Calcutta, received by the honourable members of the House, containing what purports to be the 'opinion' of His Excellency Sri C. Rajagopalachari, Governor General of India, against the Hindu Code Bill; and

(b) whether the whole or any part of the said opinion was made by H.E. Sri C. Rajagopalachari, at any time?

The Honourable Sardar Vallabhbhai Patel (Minister for Home Affairs and the States): (a) Yes.

(b) The Governor General has expressed no such opinion as is attributed to him. In fact, on Saturday last, we have received a telegram from the Secretary of the All-India Anti-Hindu Code Committee, Calcutta, which reads as follows:

Opinion of C. R. Rajagopalachari, Advocate, Madras mistaken for present Governor General's opinion. No fraud meant. Misrepresentation regretted.

Since then a detailed letter confirming the telegram was received by the Honourable Whip, which he will read to the House.

The Honourable Shri Satyanarayan Sinha: With your permission Sir, this is the letter which I have received from the Secretary in reply to the statement which I had issued the other day and honourable members must have seen it. He says:

"Dear Sir, with reference to the statement issued by you on the 11th of February, regarding the alleged opinion of His Excellency the Governor General on the Hindu Code Bill, I beg to explain that the mistake arose out of the fact that on page 370 of the written statement submitted to the Hindu Law Committee, Volume 2, printed by the Superintendent, Government Press, Madras, the opinion of Mr. C. R. Rajagopalachari, Advocate, Madras, was printed. From the similarity of name, a mistake was made that it was the opinion of the present Governor-General before he was appointed as such. It was a *bona fide* mistake and not a case of fraud. The mistake is greatly regretted.

Yours sincerely".

Shri Deshbandhu Gupta: May I know, Sir, if Government are satisfied that other opinions that are being circulated by this organisation.....

Mr. Speaker: Order, order.

Monday
14th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II —PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Official Report

Volume I, 1949

(1st February, 1949 to 23rd February, 1949)

Fourth Session

OF THE

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

1949

सत्यमेव जयते

CONTENTS

Volume I.—1st February, 1949 to 23rd February, 1949.

	Pages
TUESDAY, 1ST FEBRUARY, 1949—	
Deaths of Dr. Tej Bahadur Sapru, Mr. Akbar Hydari, Shri G.A. Natesan, Mr. M. Shafi Daudi, Mr. Vellingiri Gounder and Mr. Abdul Matin Chaudhuri.	1—3
H.E. the Governor General's Assent to Bills	3
Statement re Loans from International Monetary Fund	4—6
Papers laid on the Table	6—24
Public Companies (Limitation of Dividends) Bill—Introduced	24
Tea Committee for India Bill—Introduced	24
Indian Emigration (Amendment) Bill—Introduced	24
Seaward Artillery Practice Bill—Introduced	24
Mangrol and Manavadar (Administration of Property) Bill—Introduced	24
United Provinces Provincial Armed Constabulary (Extension of Laws) Bill—Introduced.	25
Protective Duties (Amendment) Bill—Introduced	25
Banking Companies Bill—Presentation of Report of Select Committee	25
Ajmer-Merwara Tenancy and Land Records Bill—Extension of time for presentation of Report of Select Committee.	25
Chartered Accountants Bill—Referred to Select Committee	25—27
Payment of Taxes (Transfer of Property) Bill—Referred to Select Committee	27—56
Indian Tariff (Second Amendment) Bill—Discussion on motion to consider—not concluded.	56—65
WEDNESDAY, 2ND FEBRUARY, 1949—	
Statement on Disturbances in Durban, South Africa	67—69
Indian Tariff (Second Amendment) Bill—Passed as amended	69—97
Public Companies (Limitation of Dividends) Bill—Discussion on motions to consider and to refer to Select Committee—not concluded.	97—106
THURSDAY, 3RD FEBRUARY, 1949—	
Committee to examine rules of Procedure and Conduct of Business	107
Resolution re Community-wise Census of Assam, West Bengal and East Punjab—Withdrawn	107—11
Resolution re (i) Failure of Grow More Food Campaign (ii) Serving of Rice in Non-Vegetarian Hotels—Discussion not concluded.	111—53
FRIDAY, 4TH FEBRUARY, 1949—	
Scheduled Securities (Hyderabad) Bill—Introduced	157
Public Debt (Central Government) Amendment Bill—Introduced	157
Estate Duty Bill—Extension of time for Presentation of Report of Select Committee	157—58
Child Marriage Restraint (Amendment) Bill—Extension of time for presentation of Report of Select Committee	158
Resolutions re (i) Failure of Grow More Food Campaign (ii) Serving of Rice in Non-Vegetarian Hotels—Withdrawn	159—209
MONDAY, 7th FEBRUARY, 1949—	
Papers laid on the Table	211—12
Election to National Food and Agriculture Organisation Liaison Committee—Postponed	212—13
Election to Committee on Public Accounts	213—14
Public Companies (Limitation of Dividends) Bill—Referred to Select Committee	214—15

	PAGES
MONDAY, 7TH FEBRUARY, 1949—*contd.*	
Tea Committee for India Bill—Referred to Select Committee	216—27
Mangrol and Manavadar (Administration of Property) Bill—Passed as amended	227—43
United Provinces Provincial Armed Constabulary (Extension of Laws) Bill—Passed.	243—48
Seaward Artillery Practice Bill—Passed as amended	248—58
India Emigration (Amendment) Bill—Passed.	258—60
Protective Duties (Amendment) Bill—Discussion on motion to consider—not concluded	260—62
TUESDAY, 8TH FEBRUARY, 1949—	
Death of Mr. C. N. Muthuranga Mudaliar.	263
Protective Duties (Amendment) Bill—Passed.	263—66
Scheduled Securities (Hyderabad) Bill—Passed	266—73
Public Debt (Central Government) Amendment Bill—Passed	273—75
Banking Companies Bill—Discussion on the motion to consider as reported by Select Committee—not concluded.	275—306
WEDNESDAY, 9TH FEBRUARY, 1949—	
Banking Companies Bill—Discussion on motion to consider as reported by Select Committee—not concluded.	307—45
THURSDAY, 10TH FEBRUARY, 1949—	
Election to Committee on Public Accounts	347
Code of Civil Procedure (Amendment) Bill (Amendment of Section 82)—Introduced	347
Indian Tea Control (Amendment) Bill—Introduced.	347
Payment of Taxes (Transfer of Property) Bill—Presentation of Report of Select Committee	347
Banking Companies Bill—Consideration of clauses—continued	347—87
FRIDAY, 11TH FEBRUARY, 1949—	
Indian Penal Code and the Code of Criminal Procedure (Amendment) Bill—Referred to Select Committee	389—91
Workers' Provident Fund Bill—Circulated	392—95
Prevention of Free or Forced or Compulsory Labour Bill—Circulated	395—407
Indian Judicial Procedure Bill—Referred to Select Committee	408—14
Criminal Tribes (Repeal) Bill—Discussion on motion to consider—Allowed to stand over	414—15
Indian Bar Councils and the Legal Practitioners (Amendment) Bill—Motion to consider—Not moved	415
Motor Vehicles (Amendment) Bill—Motion to consider—Withdrawn	415—19
Hindu Marriages Validity Bill—Referred to Select Committee	419—28
Code of Criminal Procedure (Amendment) Bill (Amendment of Sections 4,29 (A), etc.)—Motion to refer to Select Committee—Not moved	428
Code of Criminal Procedure (Amendment) Bill (Amendment of Section 488)—Passed	429—30
Dentists (Amendment) Bill—Motion to consider—Not Moved	430
Societies Registration (Amendment) Bill—Introduced	430
MONDAY, 14TH FEBRUARY, 1949—	
Papers laid on the Table	431—33
Rubber (Production and Marketing) Amendment Bill—Introduced	434
Banking Companies Bill—Consideration of Clauses—continued	434—75

	Pages
Tuesday, 15th February, 1949—	
Time Table for the day's business.	477
Panel of Chairmen	477
Committee on Petitions.	477
Public Companies (Limitation of Dividends) Bill—Extension of time for presentation of Report of Select Committee	478
Banking Companies Bill—Consideration of clauses—continued	478—513
Presentation of Railway Budget for 1949-50	513—30
Wednesday, 16th February, 1949—	
Papers laid on the Table	531—33
Coal Mines Labour Welfare Fund (Amendment) Bill—Introduced	533
Banking Companies Bill—Consideration of clauses—continued	533—76
Thursday, 17th February, 1949—	
Railways (Transport of Goods) Amendment Bill—Introduced	577
Banking Companies Bill—Passed as amended	577—613
Hindu Code—Point of order on the motion to consider as reported by Select Committee—Ruled out.	614—21
Friday, 18th February, 1949—	
Railway Budget—General Discussion	623—74
Monday, 21st February, 1949—	
Motion for Adjournment re Fast by Prof. Shibban Lal Saksena—Disallowed	675
Death of Shri Kiran Shankar Roy	675
Papers laid on the Table	675
Public Companies (Limitation of Dividends) Bill—Presentation of Report of Select Committee	675
Railway Budget—General Discussion	676—717
Tuesday, 22nd February, 1949—	
Governor General's Salary (Exemption from Taxation) Bill—Introduced	719
Dock Workers (Regulation of Employment) Amendment Bill—Introduced	719
Railway Budget—List of Demands	719—71
Demand No. 1—Railway Board.	720—71
General Corruption on Railways.	720—48
Insufficient Provision of amenities to passengers	748—71
Wednesday, 23rd February, 1949—	
Essential Supplies (Temporary Powers) Amendment Bill—Introduced	773
Railway Budget—List of Demands.	773—820
Demand No. 1—Railway Board	774—820
General Administration with particular reference to Economy.	774—818
Demands Nos. 1—12; 15—19	818—20

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Monday, 14th February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

QUESTIONS AND ANSWERS

(See Part I)

11-50 A.M.

PAPERS LAID ON THE TABLE

DECLARATIONS OF EXEMPTIONS UNDER THE REGISTRATION OF FOREIGNER'S ACT, 1939

The Honourable Sardar Vallabhbhai Patel (Minister for Home Affairs and the States): Sir, I lay on the table a copy of each of the following Declarations of Exemption issued under the Registration of Foreigners Act, 1939, namely:

(1) No. 1/15/48-Poll (E), dated the 6th September, 1948.

(2) No. 1/7/48-Poll (E), dated the 8th October, 1948.

(3) No. 1/32/48-Poll (E), dated the 1st December, 1948.

(4) No. 1/34/48-Poll (E), dated the 13th December, 1948.

(5) No. 1/35/48-F.1., dated the 29th December, 1948.

(6) No. 1/3/49-F.1., dated the 14th January, 1949. (2 Declarations).

(7) No. 1/4/49-F.1., dated the 5th February, 1949 (2 Declarations).

No. 1/15/48-F.1.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3; 6th September, 1948

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939 except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners shall not apply to, or in relation to, Mr. HEINZE, SUTER, a Swiss National for so long as he is employed as Chancellor to the Swiss Legation in New Delhi.

FATEH SINGH

Under Secretary to the Government of India.

No. 1/7/48-Poll(E)

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3; the 8th October, 1948

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners, shall not apply to, or in relation to, Mr. J. L. SAVAGE, a United States national, for so long as he is working for the Ministry of Works, Mines and Power, Government of India.

FATEH SINGH,

Under Secretary to the Government of India.

No. 1/32/48-Poll(E)

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3; the 1st December, 1948

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners, shall not apply to, or in relation to, Dr. RICHMOND K. ANDERSON, an American national for so long as he is employed as Field Director of the International Health Division of the Rockefeller Foundation in India.

FATEH SINGH,

Under Secretary to the Government of India.

No. 1/34/48-Poll(E)

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3; the 13th December, 1948

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners, shall not apply to, or in relation to, Mr. GUISEPPE TATANGELO, an Italian national for so long as he is employed as Personal Assistant to the Apostolic Internuncio in India.

FATEH SINGH,

Under Secretary to the Government of India.

No. 1/35/48-F. I.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3; the 29th December 1948

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners, shall not apply to, or in relation to Dr. ALEXANDER WOLSKY, for so long as he remains in India as the Head of the Science Co-operation office for South Asia (Delhi) of the United Nations Educational Scientific and Cultural Organisation (UNESCO).

FATEH SINGH,

Under Secretary to the Government of India.

No. 1/3/49-F.I.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3, the 14th January, 1949

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, Mr. T. CHEIN HOE an officer of the State Timber Board of the Government of the Union of Burma, for so long as he remains in India on official duty.

FATEH SINGH,

Under Secretary to the Government of India.

No. 1/3/49-F.I.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3; the 14th January 1949

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners, shall not apply to, or in relation to, Mr. U. TIN GYI an officer of the State Timber Board of the Government of the Union of Burma, for so long as he remains in India on official duty.

FATEH SINGH,

Under Secretary to the Government of India.

No. 1/4/49-F.I.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3, the 5th February, 1949

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners, shall not apply to, or in relation to, Dr. ROLAND MARTI, a Swiss national for so long as he is working as Delegate of the International Committee of the Red Cross in India.

FATEH SINGH,

Under Secretary to the Government of India.

No. 1/4/49-F.I.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—3; the 5th February, 1949

Declaration of Exemption

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors, who are not foreigners, shall not apply to, or in relation to, Mr. NICOLAS BURCKHARDT, a Swiss national, for so long as he is working as Delegate of the International Committee of the Red Cross in India.

FATEH SINGH,

Under Secretary to the Government of India

RUBBER (PRODUCTION AND MARKETING) AMENDMENT BILL

The Honourable Dr. Syama Prasad Mookerjee (Minister for Industry and Supply): Sir, I beg to move for leave to introduce a Bill to amend the Rubber (Production and Marketing) Act, 1947.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to amend the Rubber (Production and Marketing) Act, 1947.

The motion was adopted.

The Honourable Dr. Syama Prasad Mookerjee: Sir, I introduce the Bill.

BANKING COMPANIES BILL—*contd.*

Mr. Speaker: The House will now proceed with the consideration of the motion that the Bill to consolidate and amend the law relating to banking companies, as reported by the Select Committee be taken into consideration. The House is resuming discussion on clause 6.

[*At this stage Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar)*]

Shri T. T. Krishnamachari (Madras: General): The House adjourned the other day while considering the amendment moved by my honourable friend, Prof. K. T. Shah. Sir, I wish to oppose this amendment, the first part of the amendment which says: "Unless the Reserve Bank otherwise prescribes, no charges shall be levied by any bank for any remittance on account of any customer of that bank from one place to another in India". This is wholly outside the purview of the present legislation for the reason that this is purely a business matter. The ability of particular banks to accept monies for remittance to somewhere else depends upon a number of factors. It may be that the physical factor might be there. Actually money will have to be transferred from one place to another. There is also the other factor that a branch might be a branch which would be sending out money in a particular season. So any remittance to that branch can be taken up by another branch without perhaps any charge, but that season might come to an end. It might be that that branch would want to collect its advances and send the monies to the Head Office. When the reverse process is in action, then the possibility of any other branch taking monies for that branch will be difficult. These are all matters which cannot be decided by a fiat in a piece of legislation which compels a bank to accept monies for a remittance to any of its branches.

In discussing this particular matter in regard to a previous amendment, I suggested that since the Reserve Bank was in a position to confer favours on banks by giving slight advance remittance facilities at a nominal or no cost, the Reserve Bank may be able to dictate the terms on which these people should transfer monies within their branches so far as their customers are concerned.

Srijut Rohini Kumar Chaudhuri (Assam: General): On a point of information, Sir, are we considering both the amendments of Prof. Shah together?

Mr. Deputy Speaker: Both the Amendments are being considered, but they will be put to vote separately.

Shri T. T. Krishnamachari: My suggestion was that the Reserve Bank might use its influence to generally lower the remittance charges, but it must depend on a number of other circumstances, whether a bank is able to accept a particular charge, high or low as the case may be, for transfer to some other branch of that particular bank. Therefore, I think it would be throwing a burden on branch banking out of all proportion to what it could bear, if we put in a provision of this sort in a Bill. Again, there is the other factor. Often times a bank might accept from a particular customer at a nominal charge an order

for remittance somewhere else. That is because the bank gets from that particular customer a lot of other facilities; it gets a lot of money or income. These incomes vary with individual customers as also the other matters I have mentioned before. So it would be highly improper to put in this particular amendment in the body of the Bill.

In regard to suggested sub-clause (4), it again deals with "No company, firm or individual shall be allowed..." Firms or individuals do not come within the scope of this legislation. So far as no company being allowed to engage in banking business without being registered as a bank or banker and licensed to carry on any banking business is concerned, that is provided for in clause 22, and clause 23 also operates as a restriction in regard to opening up of new and transfer of existing, places of business. So the Reserve Bank will be fully posted with all developments of new offices or new banks being opened. Then there is the licensing clause and there is another clause 23, which gives ample powers to the Reserve Bank to control these operations. So the present amendment is not only unnecessary but is inadvisable and as such I suggest that the House should reject them.

Srijut Rohini Kumar Chaudhuri: I am divided in my opinion so far as this amendment of Prof. Shah is concerned. I am inclined to support the proposed sub-clause (3) and not sub-clause (4). However, this is a novel way of putting an amendment.

I support sub-clause (3) because it is to help needy persons. Men who are in urgent need of money would like to have their expenditure saved so far as telegraphic remittances are concerned. An ordinary remittance by way of sending a draft or a cheque is not much of an expense. But when a large amount has to be sent by telegram, then the expense involved is somewhat substantial. So if that expense can be saved, this may be welcomed by many persons who are in urgent need of money.

So far as the second part of the amendment is concerned, I do not see eye to eye with my honourable friend Prof. Shah. Sir, I think the only saving grace of this Banking Bill, so far as poorer constituents are concerned is that it still leaves much room for private banking, and as I said the other day, the present-day banks do not wish to advance any money on the security of landed-property or of a house, etc. They do not want to block up capital by lending money on such securities, because banks are afraid that if they do so a large amount of money will be involved and this will result in blocking up capital. The result is that those people who have not large amounts of money are always in difficulties in the matter of raising funds for their immediate needs.

I do not see why my honourable friend wants this particular amendment because in every province, I think, by now, the Moneylenders' Act has been enforced, and one of the provisions of the Moneylenders' Act is that even private bankers have to register their names: they have to submit certain returns. They cannot escape that. Therefore it is not necessary for any purpose to have this kind of provision, that is, no firm and no individual can advance any money unless they are registered as a bank. Some sort of private banking should be left under the present circumstances, otherwise the poorer people will not be able to raise any loans when difficulties arise. I therefore oppose sub-clause (4).

Pandit Thakur Das Bhargava (East Punjab: General): These two sub-clauses have no relationship with one another. They are quite independent. In regard to the first amendment, there is much to be said. If a person goes to a bank and puts his money there and he becomes a customer of the bank, it is but fair that the bank should extend to him this facility of transferring his remittances from one branch to another. After all, in this process, entries are only to be made in the corresponding books of the two branches so far as the bank

[Pandit Thakur Das Bhargava]

is concerned, and the bank need not incur any expense in this matter. As a result the banking habit will be encouraged. If this is accepted, many people will be benefited thereby.

I do not know what the effect on the income of the banks will be by this change being made. At the same time every bank should look forward to income from customers from other sources other than that of transferring remittances from one branch to another. Anyhow, if this wide remission or concession was not available, it would be a very good thing if at least in regard to remittances below Rs. 100 this concession was allowed. This would give relief to many poor people.

12 Noon

As regards the other question, which is the subject matter of sub-clause (4), I beg to submit that so far as I have been able to see this Bill, it is beyond its scope. This Bill only deals with companies and banking companies. As a matter of fact, the report of the Select Committee is on the Banking Companies Bill. No other individual or firm is mentioned anywhere in this Bill. I therefore submit that in this Bill the words "firm or individual" should not be included. Moreover, the equities relating to firms or individuals are different from those relating to banks. There is no knowing how the "firm or individual" would be controlled if these words were included.

So far as giving loans to agriculturists are concerned, I hope that the mover of the amendment fully knows that there are forms supplied to individuals financiers and others who advance loans, to cultivators, etc. They have to fill up those forms and they are bound by regulations and laws. So there is already control so far as this form of banking is concerned. Consequently, I do not see how "firm or individual" can be included.

Therefore, I oppose the amendment regarding sub-clause (4) and I support amendment regarding sub-clause (3).

The Honourable Dr. John Matthai (Minister for Finance): I am entirely in agreement with my friend, Shri T. T. Krishnamachari, who explained very clearly the position of the Select Committee in this matter. I cannot usefully add to what he has said. I am not in a position to accept either of these sub-clauses.

As regards remittances, I think it is a recognised banking practice, and further I do not think the poorest class of people, to whom references were made, are affected by this, because they have hardly any banking account and I do not think it is necessary for us to introduce a change in this matter.

As regards sub-clause (4), Pandit Thakur Das Bhargava has rightly said that it is entirely outside the scope of this Bill.

Mr. Deputy Speaker: The question is:

"That after sub-clause (2) of clause 6 of the Bill, the following new sub-clause be added:

'(3) Unless the Reserve Bank otherwise prescribes, no charges shall be levied by any bank for any remittance on account of any customer of that bank from one place to another in India.' "

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That after sub-clause (2) of clause 6 of the Bill, the following new sub-clause be added:

'(3) No company, firm or individual shall be allowed to engage in banking business without being registered as a bank or banker and licensed to carry on any banking business.' "

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Mr. Naziruddin Ahmad (West Bengal: Muslim): Sir, I beg to move:

"That in clause 7 of the Bill, for the words 'one of such names' occurring in line 5, the words 'one of such words' be substituted."

The Honourable Dr. John Matthai: Sir, I accept it.

Mr. Deputy Speaker: The question is:

"That in clause 7 of the Bill, for the words 'one of such names' occurring in line 5, the words 'one of such words' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: Sir, I move:

"That in the Proviso to clause 7 of the Bill, for the words 'association of banks', the words 'association of banking companies' be substituted."

The Honourable Dr. John Matthai: Sir, I do not accept it.

Mr. Naziruddin Ahmad: Sir, with regard to this, the Proviso to section 7 says: "nothing in this section shall apply to any association of banks formed for the protection of their mutual interests." So far as this Bill is concerned it has always used the expression "banking companies" and not "banks". Banks are institutions but we are concerned with companies. If banks combine into an association they do so as banking companies and not banks as such. Throughout the Bill we have never used the word "bank" in such context. It is for this reason that it should be said that the association is of banking companies.

Shri T. T. Krishnamachari: The position is that any association of bankers might be in it. We are not legislating here regarding association of persons. Individuals might be in it. Why should we prevent them from entering into an association?

The Honourable Dr. John Matthai: Sir, the reference is to section 26 of the Companies Act and the kind of purpose for which these associations might be formed are purposes like promoting commmerce, science or religion, charity or any other useful object. In regard to the promotion of these objects banks or banking companies may come together. There is no reason why for this purpose we should exclude banks which are not companies.

Mr. Naziruddin Ahmad: Sir, I do not press my amendment.

Mr. Deputy Speaker: The question is:

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Mr. Naziruddin Ahmad: I move:

"That for clause 8 of the Bill, the following be substituted:

'8. (1) A banking company may deal in the buying or selling or bartering of all actionable claims, stocks, shares, money, bullion and specie, and all instruments mentioned in clause (a) of sub-section (1) of section 6.

(2) Notwithstanding anything contained in section 6 or in any contract, no banking company shall—

(a) directly or indirectly deal in the buying or selling or bartering of any goods other than those mentioned in sub-section (1);

[Mr. Naziruddin Ahmad]

Exception.—Clause (a) shall not apply to dealings in goods in connection with the realisation of any security given or held by a banking company.

(b) buy, sell or barter such goods for others otherwise than in connection with bills of exchange received for collection or negotiation or with such of its business as is referred to in clause (a) of sub-section (1) of section 6 :

Provided that sub-section (2) shall not apply to any such business as aforesaid which was in the course of being transacted at the commencement of the Act so however that the said business shall be completed within one year from such commencement or within such extended time as the Reserve Bank may from time to time allow not exceeding five years from such commencement'."

The amendment, in order to be appreciated, will require an analysis of clause 8. The clause which this amendment seeks to replace reads:

"Notwithstanding anything contained in section 6 or in any contract, no banking company shall directly or indirectly deal in the buying or selling or bartering of goods, except in connection with the realisation of security given to or held by it, or engage in any trade, or buy or sell or barter goods for others otherwise than in connection with bills of exchange received for collection or negotiation or with such of its business as is referred to in clause (i) of sub-section (1) of section 6."

There are two prohibitions in this clause. The first is that no banking company shall deal in the buying or selling or bartering of certain goods. To this there is an exception that if there are goods which are made over to banks for realisation and held by them as such, then the prohibition does not apply. The second prohibition is that the banks cannot engage in trade or buy or sell or barter goods for others otherwise than in connection with certain exceptions.....

Mr. Deputy Speaker: What is the difference in substance between the honourable Member's amendment and the existing provision in the clause?

Mr. Naziruddin Ahmad: That is what I am going to show. The real purpose.....

Shri T. T. Krishnamachari: One is positive and the other is negative.

Mr. Naziruddin Ahmad: The real substance of the whole clause is imbedded in the last part of the section in the *Explanation.*

Shri T. T. Krishnamachari: The sting is in the tail.

Mr. Naziruddin Ahmad: Yes, the sting is in the tail. In fact, the tail there are certain exceptions to that exception and there are again exceptions to that exception. In the last *Explanation* it is said:

" 'goods' means every kind of movable property, other than actionable claims, stocks, shares, money, bullion and specie and all instruments referred to in clause (*a*) of sub-section (*1*) of section 6."

It would appear therefore that this exception to this *Explanation* is the real operative part of the section. That is that a banking company may deal with actionable claims, stocks, shares, money, bullion and specie and all instruments referred to in clause (a) of sub-section (1) of section 6. That is expressed in the amendment as a positive declaration instead of allowing a banking company to roam about and find out what is the provision, what is the exception, what is the *Explanation* to that exception and what is the exception to the *Explanation.* I have attempted to state this precisely at the very commencement of my amendment that "a banking company may deal in the buying or selling or bartering of all actionable claims, stocks, shares, money, bullion and specie, and all instruments mentioned in clause (a) of sub-section (1) of section 6." This is a clear unconditional power which is meant to be

given, but it is given in the Bill in an extremely qualified, indirect and circumspect manner. I submit that this power should be given to banks clearly and positively instead of putting it into so many negatives with exceptions. This power, again, is not conditional upon "notwithstanding anything contained...". This warning applies to other parts of the clause.

The second part of the amendment is sub-clause (2) of clause 8. This is controlled by the clause "not withstanding anything contained in section 6 or in any contract, ...". This safegutard, as I have explained does not apply to sub-clause (1) of my amendment. That power, that is, the power of banks to deal in the buying or selling or bartering of shares, money and other things is absolute. It is not controlled by the safeguarding clause "notwithstanding anything contained in section 6 or in any contract" and so on which is applicable only to the second part. Part (a) of sub-clause (2), as I have suggested, says "no banking company shall directly or indirectly deal in the buying or selling or bartering of any goods other than those mentioned in sub-section (1)". As I have already said, sub-section (1) mentions certain things which are specifically given. Sub-section (2) mentions things in which the banks cannot deal in. There is an exception to this also. It is mentioned specifically as an exception in my amendment. In part (b) of the sub-clause there is a prohibition that it should not buy or sell certain things for others. And there is a Proviso to that. This Proviso is also specifically set out as such in the amendment.

In these circumstances I submit that the real power which is given to banking companies, instead of being obscurely embedded at the end with a sting at the tail, as Mr. Krishnamachari happily pointed out, should be definitely and positively given without any condition. In fact it would be difficult for a banking company to find out what is really given to them and what is prohibited. It is equally necessary to positively and clearly define what they are prohibited from doing. And the exception to the prohibition should also be specifically stated. If this way of a positive statement is acceptable to the Honourable Minister, well and good. Otherwise there are in the subsequent amendments some alternative amendments dealing with particular parts which I shall submit later on. But I submit that my amendment suggests a positive way of stating for powers which are given to banking companies, a positive way of preventing them from doing what they should not do, and again a positive exception or qualification to this negative power, definitely and clearly stated. This is the way they should be stated. With these few words I would ask the Honourable Minister to consider the points and if possible to accept the amendment.

The Honourable Dr. John Matthai: I have had the amendment carefully examined by my legal advisers and they are of opinion that my honourable friend's amendment is no improvement at all. In cases where there is no particular improvement provided in the amendment I suggest respectfully, Sir, that for the sake of facilitating printing we might leave the matter there.

Mr. Deputy Speaker: So the honourable member does not wish to press his amendment, I take it.

Mr. Nasiruddin Ahmed: No, Sir.

[Prof. K. T. Shah]

I have tried to understand the intention behind this provision as it stands, and I find that, in all likelihood, it is intended to secure the liquidity of the assets of a bank; and therefore a prohibition is imposed, subject to certain exceptions, upon its engaging in direct trade in movable goods.

I think, however, that if it is important to lay down such a prohibition in regard to goods which are the subject matter of ordinary trade or exchange. It ought to be for the same reason much more important and necessary to lay down an equally strong prohibition against banking companies engaging in buying or selling or bartering of immovable property, like those which I have mentioned. I would like to be enlightened why this should not be done, if the Honourable Minister is against accepting this amendment.

So far, however, as my knowledge of banking theory goes, I am free to say that it has always been emphasised, particularly in regard to commercial banking, that their funds shall not be locked up in securities or in investments which it will be very difficult to realize at a moment of need. Particularly is this the case in regard to landed property, or immovable property, where a number of unknown claims may be in operation so that in the event of it becoming necessary for the bank to realise such securities, people other than those who originally offered to deal as their property in such material may come forward and prevent the bank from realising that security on the failure, let us say, of the first dealer in making good the security. I think, therefore, that, subject to any explanation or justification that the honourable the sponsor of the Bill may be able to give, this amendment is in the interests of the commercial banks themselves and ought to be accepted.

Mr. Deputy Speaker: Amendment moved:

"That in clause 8 of the Bill, after the word 'goods' occurring in line three, the words 'land, forests, mines or houses' be inserted."

Pandit Thakur Das Bhargava: May I ask whether clause 9 would not cover all cases of immovable property?

The Honourable Dr. John Matthai: Clause 9 covers it.

Mr. Deputy Speaker: Clause 9 provides that a bank can hold it for a particular period of years, beyond that it cannot. And within that period it can deal in it.

I also thought of clause 9, but there is no such prohibition in it as is contained in the matter of goods in this amendment to clause 8, which says that it shall not deal in it. If in any particular manner it indirectly comes into possession of it, as by realisation of security, it can be held beyond the particular period. So there is a difference between the two.

The Honourable Dr. John Matthai: I thought my honourable friend's point was that the prohibition in section 8 must apply also to immovable property. The extent to which immovable property can be held or utilised is covered by section 9. As far as the public interest aspect of it is concerned I think the matter is sufficiently safeguarded.

Prof. K. T. Shah: Clause 9 only speaks of holding or acquiring. It does not prevent a banking company from buying or selling or bartering or dealing in which is the wording of clause 8.

Mr. Deputy Speaker: Within seven years it can go on dealing in it. Therefore the honourable member wants, I think, to prevent acquisition of land, houses, mines and forests.

Pandit Thakur Das Bhargava: Under clause 9, holding it is only possible if it is for its own use.

Mr. Deputy Speaker: But, the point is that within seven years it can go on buying and selling.

Srijut Rohini Kumar Chaudhuri: Sir, for various reasons, I would request the Honourable Minister to accept this amendment which has been moved by Prof. Shah. For one thing, the Honourable Minister will remember that when he moved one of his amendments last Friday, he was in a very despondent mood.

Mr. Deputy Speaker: Who?

Srijut Rohini Kumar Chaudhuri: Professor Shah. He says that he is quite helpless, that nobody seems to take his amendments seriously, and so on and so forth.

An Honourable Member: So, that is the reason for accepting his amendment?

Srijut Rohini Kumar Chaudhuri: No, no. It is one of the reasons. Sir, with due deference, I would ask my honourable friend Prof. Shah to have before him the example of my honourable friend Mr. Naziruddin Ahmad. It reminds me of a couplet, which I learnt in my school—

> "Pitch thy behaviour low thy projects high
> So shalt thou humble and magnanimous be
> For he who aims at the sky
> Shoots higher than one who aims the tree".

Mr. Deputy Speaker: The honourable member's speech may be very interesting, but we have got a number of amendments and a number of clauses to go through.

Srijut Rohini Kumar Chaudhuri: Yes, Sir. Mr. Naziruddin Ahmad sends about two thousand amendments, but he had various amendments accepted on the floor of this House. So, what I am saying is that the House is not unreasonable; it accepts the amendments, it does not reject them because they are too numerous.

So, on this particular amendment, Sir, I would ask the Honourable Minister to consider it because mines, houses and lands are also sometimes held in security, and when the debtor is unable to pay his debt the power should be left to the paying concerns to negotiate their sale so that the best value can be fetched and not only the debt will be liquidated but something will be left for the debtor.

Mr. Deputy Speaker: The Honourable Member is opposing, the amendment!

The Honourable Dr. John Matthai: He is arguing against the amendment!

Mr. Deputy Speaker: The amendment is that a bank ought not to be allowed to deal in this property.

Srijut Rohini Kumar Chaudhuri: I wanted to support it, Sir.

An Honourable Member: Take another chance.

Srijut Rohini Kumar Chaudhuri: There is nothing to laugh at because this Bill has been drawn up in such an abstract way that it is difficult for us—even for a lawyer of some practice—to understand and follow it, and when a person of my position does not understand the plain meaning of these provisions, how much more difficult it would be to the ordinary constituents of a bank?

[Srijut Rohini Kumar Chaudhuri]

I rose up not so much for the acceptance or rejection of a particular provision, I rose up only with a view to have some discussion in the matter. If the matter is further discussed it will be seen that there are persons in this House—there may be honourable members in this House, I say with due deference—who may be in a more helpless position than myself in understanding this clause. So, I would ask the honourable Minister to elucidate the real meaning of this clause.

Pandit Thakur Das Bhargava. Sir, in regard to this amendment, I consider that the reasons advanced by Prof. K. T. Shah are weighty and we should be well advised in accepting this amendment. If the prohibition in regard to banking companies extends even to particular kinds of goods excepting those which are mentioned in the *Explanation*, I do not understand why a banking company should be allowed to deal in lands, forests, mines and houses. The essential work of a banking company is that it deals in such commodities in which money can be advanced and money can be recovered very easily. If the money is locked up in lands, forests, mines and houses, then the essential purpose of this legislation will be lost. In fact, the amendment moved by Mr. Naziruddin Ahmad was clear enough and if that had been accepted the language would have appeared to us much more clear and the mistake which Srijut Chaudhuri had made would not have occurred. Clause 8 is so involved that the real meaning of the clause is rather obscure. The real point at issue is if you disallow these companies to meddle in respect of transactions regarding goods as with immovable property, then is it justifiable to allow the banking companies to deal in lands, forests, mines and houses? I feel this amendment is certainly very weighty and should be accepted by the House.

The Honourable Dr. John Matthai: I regret, Sir, that I am not in a position to accept this amendment because I have had it very carefully examined and the Select Committee also went very carefully into this matter, and I feel that the practical interests of banking would be sufficiently met and the dangers referred to by Prof. Shah would be sufficiently avoided by the provision as it stands in this section.

Mr. Deputy Speaker: The question is:

"That in clause 8 of the Bill, after the word 'goods' occurring in line three, the words 'land, forests, mines or houses' be inserted."

The motion was negatived.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in clause 8 of the Bill, for the words 'realisation of security', the words 'realisation of any security' be substituted."

Mr. Deputy Speaker: It is not necessary.

The Honourable Dr. John Matthai: Sir, this amendment is quite unnecessary.

Mr. Naziruddin Ahmad: It may be unnecessary in the sense that it expresses the meaning, but a piece of legislation should be a work of art and should be free from all defects and should be incapable of further improvement. So, the maximum attention should be paid to draftsmanship. I suggest the amendment from that point of view. Not that it is necessarily better than what the text says, but it is suggested to the House for consideration. We should not grudge any little consideration which a Bill of this magnitude, and importance coming from a Minister of eminence, deserves.

The Honourable Dr. John Matthai: Unfortunately, Sir, my aesthetic judgment differs from that of my honourable friend in this matter.

Mr. Deputy Speaker: As it stands, the clause is more comprehensive.

Mr. Naziruddin Ahmad: But the word "any" would have improved the text.

Mr. Deputy Speaker: In view of what the Honourable Minister has said, does the honourable member propose to press his amendment?

Mr. Naziruddin Ahmad: No. Sir, I do not press it. I beg to move:

"That in clause 8 of the Bill, for the words 'buy or sell or barter', the words 'buy, sell or barter' be substituted."

The Honourable Dr. John Matthai: Sir, I propose to accept it.

Mr Deputy Speaker The question is:

"That in clause 8 of the Bill, for the words 'buy or sell or barter', the words 'buy, sell or barter' be substituted."

The motion was adopted.

Mr. Naziruddin Ahmad: I beg to move:

"That in the Proviso to clause 8 of the Bill, for hte words 'on the commencement' the words 'at the commencement' be substituted."

The proviso says that this Section shall not apply to any such business as aforesaid which was in the course of being transacted on the commencement of this Act. The word "on" refers to an event, not a point of time. The word "at" refers to a particular moment when the Act comes into force. When we say "on a certain thing happening" it does not refer to a point of time but it merely means "some time after" the happening of an event. I submit that the word "at" is more appropriate because it refers to a particular moment when the Act comes into force.

The Honourable Dr. John Matthai: I am sorry I do not accept it.

Mr. Deputy Speaker: The question is:

"That in the Proviso to clause 8 of the Bill, for the words 'on the commencement' the words 'at the commencement' be substituted."

The motion was negatived.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That in the Proviso to clause 8 of the Bill, the following be added at the end :

'or within such extended time as the Reserve Bank may from time to time allow not exceeding five years from such commencement'."

The prohibition in the clause will not apply to business which was in course of being transacted at the commencement of the Act, if completed within a year of such commencement. I want to give the Reserve Bank power to extend the time in suitable cases to facilitate the completion of such transactions which may be delayed by a hitch.

The Honourable Dr. John Matthai: I am sorry I cannot accept.

Mr. Deputy Speaker: The question is:

"That in the Proviso to clause 8 of the Bill, the following be added at the end :

'or within such extended time as the Reserve Bank may from time to time allow not exceeding five years from such commencement'."

The motion was negatived.

Prof. K. T. Shah: I beg to move:

"That to clause 8 of the Bill, the following further **Proviso** be added:

'Provided further that, notwithstanding anything contained in this section or in section 6, no bank shall be barred from shaping the policy or taking a direct or active share in the management of any industrial or commercial enterprise or utility, to whose capital it has subscribed more than twenty per cent. of the total capital stock of that company, or whose shares, bonds or debentures, have been acquired in the ordinary course of business by a bank, aggregating twenty per cent. of the capital of the bank, by nominating one or more directors on the board of such concerns, or appointing managers, accountants, secretaries or agents, for the efficient conduct of policy and economic management of any such concern'."

This amendment becomes necessary notwithstanding the fact that the legislation is said to be confined to commercial banks; because, after all, under the provisions of this Bill it is possible—it will be possible— for a bank to be interested in the working of an industrial concern by subscribing a given percentage upto a maximum of its capital. In the case of the capital investment of a bank in any given concern exceeding 20 per cent., it is obvious that the bank's own investment requires that it should have some direct association in the policy and management and general efficient working of the concern. The provisions of this Bill as it stands do not give that direct association to banks in the efficient and proper conduct of industrial or commercial enterprise in which the interests of the shareholders are involved.

It is true that we have devised a separate Corporation for industrial finance proper, and that there it is supposed to be the function of that organisation to help in the industrial development of the country. There, also, provision has been made I believe—I am speaking from memory—for the Corporation appointing its own Directors. I am taking that analogy for this type of banking also under the circumstances, and contingencies specified in the amendment. It is not at all unlikely or impossible that banks may have to have—may come to have—direct concern in the success of any given enterprise and collectively of all establishments in an industry.

Even though this is a law relating to commercial banking, industrial concerns will not be barred from going and seeking assistance of banks in the ordinary course of their business. And if that assistance is rendered up to the degree specified in the capital stock of that business, then I think it would be proper and necessary and desirable, in the interests of the shareholders of and the depositors in the bank, that the bank should have some voice in the management and even directing of policy of the concern.

I have, therefore provided that the bank shall not be, legally, barred from nominating its own Directors or its representatives as Director in the concern in whose capital it is substantially interested, or if need be, in the appointment of Managers, Secretaries, Accountants etc. that that other concern may need for efficient and satisfactory conduct of its business. Here is an amendment which is designed to serve the interests of the bank itself more fully, and as such I hope it will not be objected to.

Mr. Deputy Speaker: Amendment moved:

"That to clause 8 of the Bill, the following further Proviso be added:

'Provided further that, notwithstanding anything contained in this section or in section 6, no bank shall be barred from shaping the policy or taking a direct or active share in the management of any industrial or commercial enterprise or utility, to whose capital it has subscribed more than twenty per cent. of the total capital stock of that company, or whose shares, bonds or debentures, have been acquired in the ordinary course of business by a bank, aggregating twenty per cent. of the capital of the bank, by nominating one or more directors on the board of such concerns, or appointing managers, accountants, secretaries or agents, for the efficient conduct of policy and economic management of any such concern'."

Shri Mahavir Tyagi (U.P.: General): Sir, I rise to oppose this amendment. I am really surprised that a confirmed socialist and an economist like Professor Shah should have made this suggestion. Now, the bane of our economic and industrial life in India has been that those who have money, the capitalists, have a tendency of jumping on to every trade or industry where there is a chance of making a profit. In other countries we hear of iron princes, cement princes, textile princes and so on about those who specialise in one particular industry or other and develop that industry alone. But here in India an industrialist will go from selling *mungphali* and *singhara* to anything, iron, or cement or textile or all, wherever there is a chance of profit. They come into politics too, and also to advertising agencies. Sir, if we allow this sort of thing to continue, our industries cannot develop. The capitalists would dominate over all the industries as if the profits made were meant only for the chosen few. Therefore, I feel that it is bad to allow a man to go from one industry to another. If we allow that, then there will be no planning in our industrial or economic life. Therefore, I would impress upon this House that if it is their desire to make better the industries, we should see that people engaged in one industry are not generally encouraged to jump to any other industry, so that they may be induced to effect improvements in their own industry.

To allow banks to come and capture the industries is a still worse thing. Banks, are the real nucleus of the capitalists. Industrialists at least do something constructive. They produce or create and manufacture articles. But what do the banks do? They do nothing except perhaps manufacture cheques or papers. Banking is not a productive trade, it is not a productive business. Banks are only centres of exchange, and to that extent they may be helpful. That is all. But if we allow the banks to dominate over the industrial enterprises, then it will mean that the banks alone will be having the industrialisation of the country in their hands. They will capture all industries. I wonder how Professor Shah, a man of high intelligence, honesty and integrity and idealism—he never allows any grit to get mixed in his ideology—should have come forward with such a suggestion. I am afraid, this is a capitalistic amendment that he has moved. It is the very antithesis of socialism, and so I oppose it.

The Honourable Dr. John Matthai: I must share the surprise of the honourable member at the fact that Professor Shah should have sponsored this amendment. This amendment, I think, seeks to achieve a purpose which is quite outside the scope determined for the operation of banks in this Bill. Clause 6 defines the purposes and the kinds of business in which banking companies could engage, and clause 19 defines the kind of business in which subsidiary companies could engage in, and these are entirely inconsistent with the amendment now proposed by my honourable friend Professor Shah. And also, last Friday, I believe, Professor Shah himself moved an amendment which dealt with more or less the same kind of problem, I think, and the House very rightly rejected it. In view of this I submit to the House that there is no case for accepting the amendment.

Shri B. P. Jhunthunwala (Bihar: General): On a point of information. Sir. Is there any bar to banking concern taking up the management of a concern?

The Honourable Dr. John Matthai: I take it that Professor Shah's amendment relates to concerns in which a banking company has a financial interest. That I think is the reference in his amendment. That is covered by clause 19 of this Bill which determines the purposes of subsidiary companies and that gives you the various directions in which banking companies could control or direct the business of subsidiary companies.

Mr. Deputy Speaker: The honourable member wants to know whether there is any specific prohibition in the Bill against banking companies directing the managements, or controlling them.

The Honourable Dr. John Matthai: It is perfectly clear from the relevant clauses in this Bill that the idea of banking companies taking direct interest in the working or development of an industrial concern is not within the scope of this Bill.

Mr. Deputy Speaker: The question is:

"That to clause 8 of the Bill, the following further Proviso be added:

'Provided further that, notwithstanding anything contained in this section or in section 6, no bank shall be barred from shaping the policy or taking a direct or active share in the management of any industrial or commercial enterprise or utility, to whose capital it has subscribed more than twenty per cent. of the total capital stock of that company or whose shares, bonds or debentures, have been acquired in the ordinary course of business by a bank, aggregating twenty per cent. of the capital of the bank by nominating one or more directors on the board of such concerns, or appointing managers, accountants, secretaries or agents, for the efficient conduct of policy and economic management of any such concern.'"

The motion was negatived.

Mr. Nazirudding Ahmad: I would like to know from the Honourable Minister whether he would be able to accept that amendment—I mean the amendment seeking to substitute "mentioned" for "referred to."

The Honourable Dr. John Matthai: I do not think I can accept it.

Mr. Nazirudding Ahmad: I do not move it, then.

Mr. Deputy Speaker: The question is:

"That Clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Mr. Nazirudding Ahmad: I beg to move:

"That in clause 9 of the Bill, for the words and figures 'sections 6 and 8', the word and figure 'section 6' be substituted."

The Honourable Dr. John Matthai: I accept the amendment.

Mr. Deputy Speaker: The question is:

"That in clause 9 of the Bill, for the words and figures 'sections 6 and 8', the word and figure 'section 6' be substituted."

The motion was adopted.

Mr. Nazirudding Ahmad: I beg to move:

"That in clause 9 of the Bill, before the first Proviso the following new sub-clause (2) be inserted and the existing clause be numbered as sub-clause (1):—

'(2) The Reserve Bank may in any particular case extend the aforesaid period of seven years by such period not exceeding one year at a time so however that the total period does not exceed five years when it is satisfied that such extension would be in the interests of the depositors of the banking company'."

It transposes the second Proviso and converts it into second sub-clause.

Mr. Deputy Speaker: You cannot put a substantive provision in the way of a Proviso.

Mr. Nazirudding Ahmad: As I learn that the Honourable Minister is not willing to accept it, I do not wish to pursue the matter.

Shri O. V. Alagesan (Madras: General): Sir, I beg to move:

"That in clause 9 of the Bill, after the word 'thereof', occurring in line 4, the words 'or from the commencement of the Act, whichever ends later' be inserted."

The objeot of my amendment is this: It covers the cases of property that has been acquired before the passing of this Act. In casea where properties have been acquired 12 years or so before the passing of this Act, even the Reserve Bank cannot have the power of granting extension.

The Honourable Dr. John Matthai: I think my honourable friend's amendment raises a point of some importance.

Shri O. V. Alagesan: Since restriction is imposed anew, the time granted for disposing should apply to property acquired before the Act is passed as well as after. This amendment will enable property acquired before the passing of the Act to be disposed of within seven years after the passing of the Act. I hope the honourable Minister will accept it.

The Honourable Dr. John Matthai: I am prepared to accept this amendment subject to a small verbal change. Instead of the words "or from the commencement of the Act, whichever ends later", we should have "or from the commencement of this Act, whichever is later."

Shri O. V. Alagesan: I accept the amendment.

The Honourable Dr. John Matthai: As a matter of fact, I think the suggestion made by my honourable friend is to restore in the Bill revised by the Select Committee, the provision that was in existence in the draft Bill. The original section 10, which was revised by the Select Committee, contained these words "within a period of seven years from the date of its acquisition or from the commencement of this Act whichever is later". I must confess, I do not think the Select Committee considered this particular point. It was probably a slip on the part of the Select Committee. The point raised is important and has got to be covered by the Bill. So, as far as I am concerned, I accept the amendment subject to the verbal change indicated.

Mr. Deputy Speaker: The question is:

"That in clause 9 of the Bill, after the word 'thereof' occurring in line 4, the words 'or from the commencement of this Act, whichever is later', be inserted."

The motion was adopted.

Mr. Deputy Speaker: The question is:

"That Clause 9, as amended, stand part of the Bill."

The motion was adopted.

Clause 9, as amended, was added to the Bill.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar) in the Chair.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That part (a) of sub-clause (1) of clause 10 of the Bill, be omitted."

In moving this amendment, I only seek clarification of the object of this clause which reads: No banking company (a) shall employ or be managed by a managing agent. I do not wish to press it.

The Honourable Dr. John Matthai: This really raises a question of policy and I think it has now been generally admitted that the sphere open to managing agents should be considerably curtailed and I think it is the general position in regard to concerns like banking, insurance and so on, where the scope left for a managing agent is very little; on the other hand the liability of the system being open to abuses is greater, and therefore the policy of Government is not

[Dr. John Matthai]

to have banks managed by managing agency. It is in keeping, I think, with admitted opinion of financial experts on the question.

Mr. Deputy Speaker: The amendment is not pressed.

Mr. Naziruddin Ahmad: Sir, I desire to know whether my amendment will be acceptable.

The Honourable Dr. John Matthai: No, Sir.

Prof. K. T. Shah: Sir, I beg to move:

"That in part (*b*) (*ii*) of subclause (*1*) of clause 10 of the Bill, after the word 'company', the words 'or is in excess of the maximum prescribed, if any' be inserted."

Sir, the amended portion will then read: "whose remuneration or part of whose remuneration takes the form of commission or of a share in the profits of the company; or is in excess of the maximum prescribed, if any,". By this amendment, Sir, I wish to draw attention to the necessity of prescribing a definite maximum sum that could possibly be given away by way of remuneration for management.

The principle Sir, has already been accepted that in regard to banking enterprise there shall be no managing agent of the type that we have in other industrial or commercial concerns in this country. In itself the principle in my eyes is highly objectionable. It has been calculated that managing agents take away far more than even perhaps share-holders get and of course, if the managing agents were allowed in the case of banking companies, they would get much more than the depositors who would get their interests on their fixed deposits, which is of a very low rate.

In that case, Sir, it is of the utmost importance and necessity, in my opinion, that we should accept the principle of there being a maximum, whatever that maximum may be; and that maximum should be prescribed by rules made by the Reserve Bank, for which power is given under this Bill.

The need for a maximum being fixed in that manner need not be elaborated, inasmuch as the other provisions also of this Bill aim at some kind of limitation, for instance, the dividends that can be distributed or other advantages of banking business by the proprietors or those who help in their success. On this ground, Sir, therefore, I have proposed the amendment that if any maximum is prescribed, managing commission shall not exceed that. I hope my amendment will be accepted.

Mr. Deputy Speaker: Amendment moved:

"That in part (*b*) (*ii*) of sub-clause (*1*) of clause 10 of the Bill, after the word 'company', the words 'or is in excess of the maximum prescribed, if any' be inserted."

Shri T. T. Krishnamachari: I am afraid, it would not be correct to accept this amendment for the reason that we are dealing with banking companies of varying sizes. There may be banking companies with a capital of rupees five lakhs or less and some others which have about rupees two crores and that is why this particular clause has been put in this way. Clause 10 (1) (b) (iii) and sub-clause (2) are really the operating clauses. Supposing we fix the maximum, then the maximum has necessarily to be one that suits a company with a capital of two crores size and not with a capital of 100 crores and so we say the maximum should be Rs. 4,000; that will be the maximum for a company with about rupees two crores of capital. I think it would really be meaningless, and perhaps an encouragement that smaller companies should pay larger sums. sub-clause (1) (b) (iii) says; "whose remuneration is on a scale disproportionate, according to the normal standards prevailing in banking business, to the resources of the company", and who is to judge the particular thing? It must be left to the Reserve Bank. I think, the intention that my

honourable friend, Prof. K. T. Shah has will be adequately subserved by the provisions of sub-clause (1) (b) (iii) and sub-clause (2) rather than putting in amendments, which apparently he has in mind by introducing later in the object of this particular clause. Therefore, I feel that the House should not accept this particular amendment.

The Honourable Dr. John Matthai: I agree.

Mr. Deputy Speaker: The question is:

"That in part (b) (ii) of sub-clause (1) of clause 10 of the Bill, after the word 'company', the words 'or is in excess of the maximum prescribed, if any' be inserted."

The motion was negatived.

Mr. Nasiruddin Ahmad: Sir, I beg to move:

"That to part (*b*) of sub-clause (*1*) of clause 10 of the Bill, the following Proviso be added :-

'Provided that the bar to the employment imposed by sub-clause (i) shall cease to operate on the expiration of five years from the date of the adjudication, suspension or the compounding or the conviction as the case may be, or where the Reserve Bank considers that the bar to employment should no longer apply'."

Sir, this part (b) of sub-clause (1) of clause 10 says that a banking company shall not employ any person who has been adjudicated insolvent or has suspended payment or has compounded with his creditors or who has been found guilty of an offence involving moral turpitude. According to the election laws there is a provision that even in such cases a time limit is given after the expiration of which these powers are not considered sufficient to disqualify a man from being a Member even of this Legislature. So when a time limit is supposed to cure the disqualifications as to membership of this House, it is meet and proper that the same time limit should apply in the case of appointments to banking companies. With regard to insolvency, it was perhaps thought that insolvency is a dishonest affair and that compounding with creditors and others is a disreputable business. But there may be very honest men who may be in difficulties, perhaps for no fault of their own. The disqualification should not thefore adhere to them throughout life. So I have attempted to put down a limit of five years. In the case of conviction for an offence involving moral turpitude, the same rule could apply, because it may be that a man may be guilty of a technical offence, in which the element of consciousness or intention might be very small. In these circumstances, if he is not to be considered to be unfit to be elected as a Member of this Legislature, he should not on that ground alone be considered unfit to hold any position in the banking company.

The next point is that I want to give the Reserve Bank an over-riding power. In any case they may on consideration of the circumstances of each case exempt a man. It is to avoid some hard cases where an unfortunate man, on account of a sentence or an insolvency through no fault of his, would suffer a disqualification throughout life. (*Mr. Homi Modi*: "That is not your amendment." It is "either/or".) So that these are the two conditions: the first condition is that on the expiration of five years, all disqualifications should be wiped out: and within those five years, the disqualification might be removed by the Reserve Bank in a suitable case. (*Pandit Thakur Das Bhargava*: "It may be removed earlier!") Yes, that may be so. If this limit of five years or the alternative condition is not acceptable on these specific terms, it may be reconsidered by the House. I have suggested a way out so that a disqualification should not be permanent or absolutely irrevocable in every case. It should depend on the circumstances of the case. It is possible that very efficient and honest men may be shut out.

[Mr. Naziruddin Ahmad]

With these words, I submit that the amendment should be considered on the merits and, if necessary, revised.

Mr. Deputy Speaker: Amendment moved:

"That to part (*b*) of sub-clause (*1*) of clause 10 of the Bill, the following Proviso be added :

'Provided that the bar to the employment imposed by sub-clause (i) shall cease to operate on the expiration of five years from the date of the adjudication, suspension or the compounding or the conviction as the case may be, or where the Reserve Bank considers that the bar to employment should no longer apply'."

The Honourable Dr. John Matthai: My view about this amendment is this. In Mr. Naziruddin Ahmad's amendment there is an alternative provision: "or where the Reserve Bank considers that the bar to employment should no longer apply," and it seems to me therefore that it would be possible for handling cases of this kind with reference to clause 53 of the Bill. In other words, what Mr. Naziruddin Ahmad practically says by the introduction of this alternative provision is that this is a matter which must be considered with reference to the discretion which is vested in the Central Government and the Reserve Bank in clause 53. But I am prepared to say this that if the House generally feels that there are likely to be frequent cases of a kind which would make the operation of this particular sub-clause difficult, I am prepared to drop it altogether rather than accept Mr. Naziruddin Ahmad's amendment. I do not think it is going to matter very much whether we drop part (i) of sub-clause (b). My own reaction to it is this: that if the feeling in the House is that this clause might be dropped, I should be prepared to accept a suggestion of that kind.

Mr. Naziruddin Ahmad: If the clause is dropped as the Honourable Minister has suggested then it would be acceptable to me. With regard to the amendment I have put it to elicit a clarification or a decision on the merits and not on the exact terms.

Mr. Homi Mody (Bombay: General): I have not followed the proceedings. The Honourable the Finance Minister suggests that this clause be deleted so that Banks can employ insolvents!

Mr. Deputy Speaker: Can insolvents or convicts be employed?

Shri T. T. Krishnamachari: Actually this particular sub-clause was an introduction in Select Committee, and at that time the intention was that it should apply only to senior officers of a bank. As it is it would apply even to chaprassis. If a chuprassi had compounded with his creditors or had been adjudicated an insolvent, it might apply to him. But the thing can be got over by what the Honourable Minister has said by the power of exemption under clause 53. As he has said if the House feels that in its operation it would be far more difficult and would perhaps affect quite a number of people, an exemption in every case would be very difficult. I suppose the path of wisdom is to eliminate it because it is not in the original Bill. As my honourable friend sitting in the front seat of the Opposition realizes no bank will employ a person who has been adjudicated an insolvent and has not been sufficiently discharged. It will affect the bank's reputation which is the primary thing. But the fact that a clerk or chaprassi, for various reasons has had to undergo this particular misfortune does not necessarily mean that the bank need send him out of a job. I would rather support the idea that no serious harm will be done by an elimination of this particular sub-clause rather than that the House should accept the involved amendment of my honourable friend, which his vigilance has enabled him to suggest to this particular clause.

Mr. Homi Mody: I am sorry I cannot agree with the Honourable the Finance Minister or with Mr. Krishnamachari. The Bill seeks to impose all manner of restrictions upon the practice in banking companies, and if you leave this sub-section out and enable a bank to employ a man who has been judged guilty of an act involving moral turpitude or insolvency, I can easily imagine a few institutions in which such people would be employed. I grant the argument that probably it is immaterial whether a chaprassi becomes an insolvent or not and that his insolvence should not be a bar.

Mr. Deputy Speaker: And if the chaprassi is convicted of theft?

Mr. Homi Mody: I am very glad the Chair reinforces my argument! Anyway, Sir, what I was going to urge was that we cannot discriminate between one type of servant of a bank and another. It might be a manager who might be employed, and he may have gone to jail. It is curious that I, in alone minority of one, should plead for the purification of banking operations while my friends there should want to let in all manner of objectionable practices. I do not think this sub-clause ought to come out.

The Honourable Dr. John Matthai: In view of the opinion expressed by Mr. Mody I should like to ask him with your permission, whether in that case, he would accept Mr. Naziruddin Ahmad's amendment.

Mr. Homi Mody: I do not accept the amendment.

The Honourable Dr. John Matthai: I take it that Mr. Mody's view is what I originally expressed, namely that in case there is any hardship or there are special cases it would be a matter for determination with reference to clause 53.

Mr. Deputy Speaker: The question is:

"That to part (*b*) of sub-clause (*1*) of clause 10 of the Bill, the following Proviso be added

'Provided that the bar to the employment imposed by sub-clause (*i*) shall cease to operate on the expiration of five years from the date of the adjudication, suspension or the compounding or the conviction as the case may be, or where the Reserve Bank considers that the bar to employment should no longer apply'."

The motion was negatived.

Mr. Naziruddin Ahmad: I would like to know from the Honourable Minister whether he would be in a position to accept my amendments. They are merely a rearrangement of the parts.

The Honourable Dr. John Matthai: I am prepared to accept the first.

Mr. Naziruddin Ahmad: Sir, I beg to move:

"That for part (*b*) (*iii*) of sub-clause (*1*) of clause 10 of the Bill, the following be substituted :

'(iii) whose remuneration is, according to the normal standards prevailing in banking business, on a scale disproportionate to the resources of the company'."

This is only a rearrangement and it has found acceptance in the Honourable Minister's heart.

Mr. Deputy Speaker: The question is:

"That for part (*b*) (*iii*) of sub-clause (*1*) of clause 10 of the Bill, the following be substituted :

'(iii) whose remuneration is, according to the normal standards prevailing in banking business, on a scale disproportionate to the resources of the company'."

The motion was adopted.

Prof. K. T. Shah: Sir, I move:

"That in part (*c*) (*i*) of sub-clause (*1*) of clause 10 of the Bill, the words 'not being a subsidiary company of the banking company' be omitted."

[Prof. K. T. Shah]

The amended clause would read "No. banking company shall be managed by any person who is a director of any other company", and the rest of the words are to be omitted. If you do not desire a banking company to be managed by any director of any other company, I do not see why an exception should be made in favour of a company which is a subsidiary of the banking company. Unless I totally misunderstand the meaning of this clause it seems to me that a specific exception is made in favour of a possiblo management or direction by someone connected as director of a subsidiary company of the bank. I might have understood a director of a bank becoming the director of a subsidiary company by nomination of the bank. That, however, the House has negatived. And here is the reverse, namely the director of a subsidiary company being allowed by specific exception, as it were, to become a manager or director of the bank. That is a kind of logic or a process which I do not at all understand: hence my amendment.

Mr. Deputy Speaker: Amendment moved:

"That in part (c) (i) of sub-clause (1) of clause 10 of the Bill, the words 'not being a subsidiary company of the banking company' be omitted."

Shri T. T. Krishnamachari: It is in relation to Section 19. The position is that these words have been put in merely because of the reference to a subsidiary company and the restricted manner in which a banking company can have a subsidiary company. Without this provision here Section 19 will become more or less inoperative, at any rate, the exceptions taken therein. The amendment has no meaning in the context of the entire Bill.

Mr. Deputy Speaker: Unless the doubt is that on the date on which a director of a company is appointed he ought not to be a director of the subsidiary company. It is also otherwise namely if he becames a director of the bank he ought not to be a director of the subsidiary company.

The question is:

"That in part (c) (i) of sub-clause (1) of clause 10 of the Bill, the words 'not being a subsidiary company of the banking company' be omitted."

The motion was negatived.

Mr. Nazirudding Ahmad: I beg to move:

"That in sub-clause (2) of clause 10 of the Bill, for the words 'whether remuneration is on a scale disproportionate, according to the normal standards prevailing in banking business,' the following be substituted :

'whether the remuneration is according lo the normal standards prevailing in banking business, on a scale disproportionate'."

The Honourable Dr. John Matthai: I am prepared to accept the amendment.

Mr. Deputy Speaker: The question is:

"That in sub-clause (2) of clause 10 of the Bill, for the words 'whether remuneration is on a scale disproportionate, according to the normal standards prevailing in banking business,' the following be substituted :

'whether the remuneration is according to the normal standards prevailing in banking business, on a scale disproportionate'."

The motion was adopted.

Prof. K. T. Shah *rose*—

Srijut Rohini Kumar Chaudhuri: On a point of order, Sir, am I entitled to speak on sub-clause (1)? I wanted to draw the attention of the Honourable Minister to sub-clause (1) (c) (ii) which relates to one "who is engaged in any other business or vocation."

Mr. Deputy Speaker: After the amendments are disposed of I shall put sub-clause after sub-clause if he so desires and then the honourable member can speak.

Prof. K. T. Shah: I beg to move:

"That after sub-clause (2) of clause 10 of the Bill, the following new sub-clause be added :

'(3) The Reserve Bank of India shall make rules and lay down scales for the remuneration of the Managing Director; General, Departmental or Branch Manager; Accountant, Secretary, Agent and any other executive officer of a Bank, with due regard to the circumstances and conditions prevailing in the area in which such bank or a branch thereof operates, subject to a maximum salary and emoluments in the case of all executive officers of the bank named above, not exceeding the maximum salary and emoluments payable to the highest civil administrative officer in the Government of India.

Explanation.—The Ministers, their Deputies, Assistants, or Parliamentary Secretaries, shall not be considered as coming within the category of the highest civil administrative officer in the Government of India.

(4) No one shall be appointed Managing Director; General, Departmental or Branch Manager, Accountant, Secretary, Agent or any other executive officer of any bank or a branch thereof, who has not the requisite academic qualifications or practical experience of banking business, as laid down by the Reserve Bank in this behalf, and approved by the Legislature'."

Here is a principle which I should think has the authority of a great and famous resolution of the Indian National Congress. Unfortunately, it is at present observed more in breach than in honouring it. It will be still fresh in the minds of most members, I hope, that the Karachi Congress some 18 years ago laid down the maximum salary payable to any officer of the Government, from the Governor-General downwards, as Rs. 500 per month. With whatever enthusiasm that resolution was passed, at the present time hardly anywhere do I see any reference to it and much less any observance of that principle. (*Shri H. V. Kamath*: "Inflation.") I am coming to that. I wanted to reserve it for a later occasion, but I have been made to precipitate this argument. I have been given the stock argument of inflation. It is a very interesting phenomenon in human nature and practical politics that.....

3 P.M.

Mr. Deputy Speaker: Cannot the honourable member reserve this to some other time as he himself said?

Prof. K. T. Shah: I am very grateful to you for suggesting that course. But if interruptions take place, one is obliged to answer them on the spot for fear that one might omit to do justice to the honourable members who care to interrupt, or one might not do justice to oneself.

Shri H. V. Kamath (C.P. and Berar: General): I will remind him on a subsequent occasion.

An Honourable Member: The interruption is withdrawn.

Prof. K. T. Shah: The interruption having been made cannot be easily withdrawn without its being expunged from the records.

Shri H. V. Kamath: I have not withdrawn it, but kept it alive for a subsequent occasion.

Shri L. Krishnaswami Bharathi (Madras: General): It is a helpful interruption.

Prof. K. T. Shah: You will see how helpful it is when I come to it. It is an easy way to rush into the public with very appealing nostrums, and lay down grand principles which, if I may say so without any disrespect, are made with one's tongue in one's cheek; and say 'we shall be content, and ex-

[Prof. K. T. Shah].

pect all our public officers to be content—from the highest executive, the head of the State downwards with salary or emoluments not exceeding so much.' Idealists who are not afraid of being regarded by their contemporaries as having a screw loose somewhere in the upper storey may not like to lay down such a proposition. But when we have to deal with hard headed businessmen, who make it a practice of telling us that idealist comes into being only when they are in dotage,—without any possibility of a lucid interval between the two —when we have to deal with such hard-headed businessmen, we have to remember that some sort of sugar-coating has to be added. (*An Honourable Member*: "To the bitter pill".) The pill is always bitter particularly to those who are living in luxury at the expense of others. But even to those who just interrupt with an income below the minimum chargeable to an Income-tax (*Shri H. V. Kamath*: "You have a very good memory!") I do have a long memory, but a short sight. From them also one might expect a support which will be, I hope, not merely of moral sympathy but also of actual voting.

The point I was making was that when we are dealing in this matter with practical bankers who are accustomed to note the financial standing of other people and keep perfectly confidential their own, it is necessary to make regulations for laying down, with due regard to the prevailing conditions and circumstances, scales of salary and emoluments that the executive officers of the bank should receive whether at the head office or in any branch office.

A little while ago when the House was considering an amendment of mine regarding the emoluments of the manager—we do not call him now the managing agent—it was said that any suggestion of a maximum would be "impracticable". I know that in some cases what are called the under-studies become even more important than the principal sponsors of a measure. The argument advanced a few minutes ago that it would be impossible for the Reserve Bank to lay down the scales in respect of a bank, for example, whose assets may go up to Rs. 100 crores with a capital of rupees two crores, failed to appeal to me.

I for one believe that it is possible to lay down not only fixed, but varying or sliding scales. As a matter of fact the amendment suggests that, with due regard to the conditions and circumstances prevailing in different parts where branches are operating, you may have varying scales. The maximum is a matter of principle, and the scales may change taking into account the conditions and circumstances. Otherwise you could not really be doing any justice.

The question really boils down to this. Do you or do you not wish to have this principle that there shall be an upper limit to the emoluments of Bank managers. Sir, on the day when we were having a general discussion on the motion that the Bill be taken into consideration, my honourable friend the Finance Minister told us that he felt, while he was listening to me, in a reminiscent mood. The reminiscence called to his mind many things I fancied there were many at least which ultimately left him with the conclusion that if he were to revert to his old love—I do not suggest that he is running away from it—he would not be able to teach any economic principle with anything like conviction. He may have had no judicial convictions against him, but he has I am sure, or had at least certain political and economic convictions. When I listened to my honourable friend that he may not be able to teach these doctrines of economics with any degree of conviction. I felt a moment of despondency, not of the type that my friend Mr. Chaudhuri referred to—I am never despondent in that sense—but of a great feeling of despondency that a man so sound, so versatile, so wise as our Finance Minister, should confess, in a public place like this, that all his convictions were almost like illusions, and that he is richer in having lost them. I felt it as a matter of great despair and chagrin for me—not for my own sake but for

the sake of the country whose destinies in the financial field he is directing. May I also remind him and the House of another reminiscence to which he was a party That was about twentyfive years ago.

Mr. Deputy Speaker: Of course these observations were made; but the honourable member may choose another opportunity to reply to them.

Prof. K. T. Shah: It seems, Sir, that only my reminiscences are to be interrupted.

Mr. Deputy Speaker: The honourable member has already said enough.

Prof. K. T. Shah: I accept it with my own apologies and only wish to say that the one last thing I had reserved like the song of Karna, namely the argument about inflation which was the subject matter of an interruption. It may now be resumed with your permission. It is an interesting observation in human affairs that we on the one hand ourselves create inflation; and then we say, because there is inflation, we must be compensated for it. This amounts to saying that for any offence that we may commit, instead of being punished we ought to be compensated. It is a logic which does not penetrate my thick skull. I cannot quite understand it, that those who have had it in their power to check or control or restrict, if not avoid altogether, inflation should themselves be saying that inflation being there we should be compensated for it.

Sir, inflation is the.....

Mr. Homi Mody: Coming now to the amendment!

Prof. K. T. Shah: What? I am sorry if the honourable member has not the courage to speak up and get my answer, but I shall not be deterred by any sides like that. He is the only man who is not able to speak up unless when he wants to.....

Mr. Deputy Speaker: The amendment has a limited scope.

Prof. K. T. Shah: I am confining myself only to that, that the amendment has the limited scope of fixing the maximum. That is the important thing. And the maximum lead me to give the authority and precedent of a Congress resolution. After all, in this House, we are accustomed to honour precedent and respect tradition; and I have quoted the most venerable precedent of no less a body than the Indian National Congress, of which you Sir, are such a distinguished ornament. And, therefore, I ought to have the indulgence of the House in putting forward this amendment and quoting this authority in support. Do you think I am going beyond the scope of my argument in offering you such a sacred and reverenceable precedent? Then, I would apologise once again—Apologies are very easy with me.

The argument of inflation, Sir, to be more serious, is really misleading. This is making of the argument of inflation a fetish, and a vicious circle. On the one hand, we set in motion those forces—and bankers are particularly liable to do so—we set in motion those particular forces which lead to inflation; and then claim that because of that we should not be penalised or we should be compensated. All that I am asking, however, is not that you should ignore inflation—I am not asking that. After all, you can say and you may say that this inflation was not created by us because we were not in power at the time when the inflation began. I agree.

Mr. Deputy Speaker: May I ask the Honourable Member if by referring to inflation he is supporting the argument of the honourable Minister himself?

Prof. K. T. Shah: Sir, I understand that there is some excuse on the other side. If the other side is utterly inexcusable, then I have nothing to say.

[Prof. K. T. Shah]

The point I am making is that those forces having been started; and inflation having occurred, we have to deal with it, and I can only suggest to deal with it in this manner. Some day a beginning must be made. If all the time we go on saying that the workers, for instance, shall not ask for further allowance and increased wages, because inflation is there and we must stop it, but that the superior officers will go on asking for it, then I am afraid no inflation can ever be stopped. Unless wasteful expenditure of Government were stopped; unless all these increases were put an end to; and unless a definite limit was placed upon these avenues of waste, I am afraid there would be no chance of our curing inflation. Hence, our ability to effect any real economy in the conduct of our affairs, whether of the nation as a whole or of a section of it which deals in banking, is nil.

It is, therefore, for this reason that I begin the process at the very top. From the Managing Director downwards there shall be a maximum fixed. And I make no apology for stating that I do not believe in unlimited incomes in whatever form they come. I think it is important, following as we profess to do in the footsteps of the Father of the Nation, that we must accept, here and now, in this shape for example, the principle that in any business, industry or profession, there shall be a maximum; and that in any service, in any capacity, the maximum income available must be fixed by law.

I leave it for the moment to the Reserve Bank to make rules and govern it. It may be that you might speak of the income-tax as indirectly fixing the maximum. I agree, that also is a possibility. In fact, a very important executive officer of this country—a Minister—told me the other day that his whole income as such officer was being paid away by way of income-tax—for the last year, of course. That being his position, he may agree that the income is indirectly limited. But why do it indirectly? Why not directly? If it is your intention that there shall be equality, within the country; and that we shall not have the spectacle at one end of people having less than one meal per day, and at the other end people having so much that they do not know what to do with what they get, then I submit, Sir, that it is high time—when we have a chance like this—that we should lay down the maximum.

The principle of unlimited income is not denied by this clause itself. After all, it does say that it shall be in accordance with conditions and circumstances prevailing. That means, if it means anything, that the remuneration—shall be fixed, not in accordance with the sweet will of the Directors concerned. Having gone so far, I only ask, through my amendment, that we should go a little further to the logical conclusion, namely that there shall be a definite and legal, prescribed limit beyond which no salary or emolument can be paid. On that ground, I trust, there would be no objection.

I come next to the second part of the amendment, sub-clause (*i*) which I propose should be added. I am only requiring that there shall be definite qualifications, whether academic or the requisite training and experience needed for the proper conduct of banks.

Banking, I was told the other day, is a very sensitive plant. Or, was it said in reference to credit? But credit is in reference to banks, and therefore the two terms are interchangeable. If it is such a sensitive plant, then those who are concerned with the management and direction of it should also be, like Caesar's wife, above suspicion.

That being my ground, I think it is necessary, it is right and proper, that you should prescribe qualifications. I leave it again to the Reserve Bank to do so. We ignoramuses may not be able to do it—I do not mean the whole House, please, Sir, let nobody object to the expression, as I am only speaking for myself—ignoramuses like myself may not be able to prescribe the qualifica-

tions that might be expected, whether academic or otherwise, of would-be bankers, or from managers of the banks. But that there must be some qualification, I think no one in this House should deny, and that they should be laid down by rules under the Reserve Bank could also not be denied.

It appears to me, for instance, that as regards Directors the only qualification is the fatness of their cheque-book and nothing else. If there are others, of course, they are not publicly laid down; it may be for the Directors themselves or for prominent shareholders to decide. But whether it is a Managing Director or a General, Departmental or Branch Manager or others, the qualifications that go to the success of the bank—and success in terms measured as I have suggested on a previous occasion—must be definitely, categorically laid down. That is why this amendment which requires that the qualifications, both academic and practical, should be laid down.

I trust that both the amendments will commend themselves to the House.

Mr. Deputy Speaker: Amendment moved:

"That after sub-clause (2) of clause 10 of the Bill, the following new sub-clauses be added:

'(3) The Reserve Bank of India shall make rules and lay down scales for the remuneration of the Managing Director; General, Departmental or Branch Manager; Accountant, Secretary, Agent and any other executive officer of a Bank, with due regard to the circumstances and conditions prevailing in the area in which such bank or a branch thereof operates, subject to a maximum salary and emoluments in the case of all executive officers of the bank named above, not exceeding the maximum salary emoluments payable to the highest civil administrative officer in the Government of India.

Explanation.—The Ministers, their Deputies, Assistants, or Parliamentary Secretaries shall not be considered as coming within the category of the highest civil administrative officer in the Government of India.

(4) No one shall be appointed Managing Director; General, Departmental or Branch Manager, Accountant, Secretary, Agent or any other executive officer of any bank or a branch thereof, who has not the requisite academic qualifications or practical experience of banking business, as laid down by the Reserve Bank in this behalf, and approved by the Legislature'."

The Honourable Dr. John Matthai: As usual, Prof. Shah's arguments have produced in my mind no conviction at all. If you think you are going to deal with the problem of a limit to remuneration, it must be taken as part of a general problem. It seems to me irrelevant to the purpose of this Bill that a limitation of this kind should be introduced. Apart from that, I think it is not a workable proposition and it is not necessary either.

As regards the second one, it is quite unnecessary to prescribe academic qualifications and if it comes to prescribing academic qualifications, I doubt if it will be possible even for the Reserve Bank to lay down qualification of a kind which will be opposite in every case.

Mr. Deputy Speaker: The question is:

"That after sub-clause (2) of clause 10 of the Bill, the following new sub-clause be added:

'(3) The Reserve Bank of India shall make rules and lay down scales for the remuneration of the Managing Director; General, Departmental or Branch Manager; Accountant, Secretary, Agent and any other executive officer of a Bank, with due regard to the circumstances and conditions prevailing in the area in which such bank or a branch thereof operates, subject to a maximum salary and emoluments in the case of all executive officers of the bank named above, not exceeding the maximum salary and emoluments payable to the highest civil administrative officer in the Government of India.

Explanation.—The Ministers, their Deputies, Assistants, or Parliamentary Secretaries, shall not be considered as coming within the category of the highest civil administrative officer in the Government of India'."

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That after sub-clause (2) of clause 10 of the Bill the following new sub-clause be added:

'(3) No one shall be appointed Managing Director; General, Departmental or Branch Manager, Accountant, Secretary, Agent or any other executive officer of any bank or a branch thereof, who has not the requisite academic qualifications or practical experience of banking business, as laid down by the Reserve Bank in this behalf, and approved by the Legislature.'"

The motion was negatived.

Srijut Rohini Kumar Chaudhuri: While our National Government is trying to destroy monopoly in every shape or kind it seems to me that discussions on this Bill have become a sort of monopoly which is only available to certain knowing members of this House. Others like me who do understand much of this banking business rise up and speak something and make a fool of themselves. (*An Honourable Member*: "You have got a monopoly of humour").

I should like to draw the attention of the House to the particular clause, sub-clause (ii) under (c) of sub-clause (*1*) which says: No banking company shall be managed by any person who is engaged in any other business or vocation. I want to know particularly whether this clause would stand in the way of anyone, who is engaged in any kind of business for his living, holding office as Managing Director of a banking company. This clause consists of two parts as it is, first, that no banking company shall employ or be managed by a managing agent. Secondly, no banking company shall employ any person who comes under the categories of (*i*), (*ii*), (*iii*) of sub-clause (*b*). Then we come to (*c*). Under this heading no bank can be managed by any person who comes under (*i*), (*ii*) and (*iii*) of sub-clause (*c*). From the proviso it is clear that managing Directors are intended to be covered by this sub-clause (*c*). The question which I am asking is this, whether in a province or place where banking is still undeveloped, where banking business is being newly started, a person who is a lawyer or doctor can hold office as managing director of a bank or not. As regards the definition of "vocation", not being very clear about its use, I consulted the dictionary and there vocation means "career or profession", so that a lawyer or doctor would come under this definition of vocation. Now, I want to ask the Honourable Minister and the House if they are aware that in the past impetus for business of this kind—banking and others—has been given in most cases by lawyers, and also those who come from Bengal and those who are familiar with things in Assam will know that eminent doctors—I think I can venture to mention a name,—that Doctor Bidan Chandra Roy is responsible for sponsoring many businesses and successful businesses in Assam and Bengal. So, if you say a lawyer or doctor or any other man who has some business cannot hold the position of managing director, it only means in other words that you do not want any new bank to be started.

Mr. Deputy Speaker: Under the Indian Bar Councils Act, is not a lawyer prevented from engaging himself in any other trade or business?

Srijut Rohini Kumar Chaudhuri: With the permission of the High Court he can engage in any other work. My question is this. This clause says "shall be managed by any person." Does it include managing director or not? If it does not include, then there is no point in the Note of Dissent. I am asking about (c), whether "No banking company shall be managed by any person etc." includes managing director or not, and if so whether or not a person who is a lawyer or a doctor or a professional man would be prevented from becoming managing director of a bank. (*Shri T. T. Krishnamachari*: "Yes"). That is why I object. In that case, the amendment thrown out just now, moved by Prof. K. T. Shah, would become very relevant because a Parliamentary Secretary is not engaged in any business and does not engage in any vocation. So you have to select some persons who have absolutely no business, who is a vagabond, who has no profession, has nothing to do. So select that man and

none else as a managing director. You confine your choice to a very limited sphere. This is in accordance with the remark made by Professor Shah in his Note of Dissent, which by the way, I may inform the House I am taking as scripture so far as this Banking Bill is concerned. He says, in para 17,—

"This Bill is, in fact, replete with apprehension or misgivings regarding the extension of branches of banks foundation of new banks. It seems to consider it dangerous and undesirable that banks should multiply or branchify even of the standard commercial type."

Mr. Homi Mody: Branchify?

Srijut Rohini Kumar Chaudhuri: 'Branchify' means giving birth to branches in several places. And Prof. Shah says,—

"The advent of new banks or increase of branches of existing banks may be a sign of danger from the point of view of depositors, of unsound methods of business; but they are indispensable for the effective development of the country's resources."

Sir, I would repeat his words, that new banks are indispensable for the effective development of the country's resources. He further says,—

"The law should, indeed, see that any unsound practice is prevented rather than branch banking be stopped, or increase in the number of existing bank branches is prevented."

Sir, I endorse these words, and I think the whole secret underlying the inclusion of this sub-clause to which I have taken exception is that you do not want new banks to be started. If that is the position, then provinces like Assam will be in a very unhappy and miserable condition. In Assam, a large number of banks with their headquarters or head-offices in other provinces were started, and all these branches have failed, even scheduled banks. The result is that people are now very unwilling to start branches or to subscribe to bank shares. They would naturally be willing to start banks in their own province so that they may take to task the men responsible for the failure of the bank. But in the face of this clause, when you restrict that neither a professional man nor a government servant, nor any other person engaged in any other business can become a managing director, no new bank can be started there, nor will they flourish, even if started. We will have to choose the kind of person who will be the managing director. He may be a professor who does not do any business, or a person who has ancestral income to live upon; such a person will be eligible for election. Others would not be. The right man is the one who does not do any business or who has no profession, he will be eligible for election. He may be illiterate, he may be half-educated, but all the same, he will be eligible. But a lawyer who understands something about this business he will not be eligible, nor a doctor. Sir, how are we to reconcile this position with our desire to develop banking in places where such development is very necessary, so that those areas may be developed?

Sir, it may be said that I have come by the back-door, in making these observations, instead of moving an amendment straightaway. But seeing the results of amendments moved here, seeing the massacre which is taking place, for which the rumour goes that you Sir, are responsible, to a great extent, it seems rather a very bold task to move an amendment. And if I may sound a personal note here, I fully give credit to Professor Shah for the interest he has taken in this Bill, and I rue the day—and I say this in his presence—when I expressed a pious wish that all his amendments may be stolen. But judging from the pains he has taken over this matter, I feel I should not have said so, and I withdraw those words, in this open House.

Shri Mohan Lal Gautam (U. P.: General): I want to make one or two observations regarding this clause 10. In sub-clause (1) (*b*) (*i*) it says, "has suspended payment or has compounded with his creditors" such persons shall not be eligible for employment in any banking company. I would draw the attention of the honourable Minister in charge especially to the cases of people

[Shri Mohan Lal Gautam]

who have come from Pakistan. So many people employed in banking Companies who left every pie of theirs in the Pakistan area and who were driven away from there, they might have compounded with their creditors or some banks whose headquarters were there in Pakistan or might have temporarily suspended their payment. If this clause applies to these people also, then it would be very cruel on the part of government to do so. It was because of the failure of Government to protect them and their property that they had to suspend their payments or that they had to compound with their creditors. Sir, this is one point I want to bring to the notice of the Honourable the Finance Minister.

The other point is regarding time-limit. There is no time-limit laid down when the director of a company has to give up the directorship and take up the management of a banking company. Suppose a person who is the managing director of a banking company and is also the director of another company, and he wants exemption for it, or wants to give up one, and he wants a week or two to decide the matter. This time he does not get. If to-day or tomorrow we pass this Bill and in a day or two the Governor-General's Assent also is obtained, then from the day it is an Act, the person who is on the managing agency of a banking company or is the manager, and is also the director of another company, he commits an offence. Sir, this should not be so, and I think there is a flaw here and the Drafting Committee has omitted to mention any time-limit within which such persons have to take a decision. As the wording of the clause stands, it is liable to misuse. Therefore, I would draw the attention of the Honourable Finance Minister to this point also.

Srijut Kuladhar Chaliha (Assam: General): It seems, that by sub-clause (1) (c) (*ii*) we have been in a trap. The words used there are "Who is engaged in any other business or vocation." Sir, I looked up the dictionary for the word 'vocation' and I find that it includes profession. So Mr. Chaudhury's objection is quite valid. He being a lawyer, would not like it. The word "vocation" there is troublesome and I hope Government will be willing to accept its deletion. In that case the objection of Mr. Chaudhuri and others can be eliminated. Actually I looked up a dictionary and found that the word in its meaning includes "business, trade and profession."

You will find in clause 10 (*1*) (c) 'No banking company shall be managed by any person (i) who is a director of any other company, not being a subsidiary company of the banking company; or (ii) who is engaged in any other business or vocation'. The word 'vocation' should be deleted and if this is done the objection of my honourable friend Mr. Rohini Kumar Chaudhuri also can be met. I trust the Honourable Minister will see his way to accept this suggestion.

Babu Ramnarayan Singh (Bihar: General): I was not taking any part in the discussion on the Banknig Bill. I was under the impression that, every Act passed by us must be for the good of the people and for the development of the interest concerned. In my own part of the country, as Mr. Chaudhuri has said, banking has not developed to any satisfactory degree. There were one or two banks in my town of Hazaribagh in my childhood days. I have seen that they were successfully managed by lawyers. According to this clause, they will be prevented from doing that. I support every word that has fallen from the lips of my friend Rohini Kumar Chaudhuri. The object of this Bill must be to allow the existing banks to carry on business and to encourage people to start new banks. But if this clause forms part of the Act I am afraid this activity of the people will be greatly discouraged. I therefore appeal to the honourable Minister either to do away with this clause altogether, as he now and then agreed to do in the course of this diaoussion, or to modify it in such a manner as not to discourage people doing banking business.

During the passage of this Bill I got the feeling that the honourable Minister has the impression that only those who have given notice of amendments are concerned with the measure. My friends who have given notice of amendments say: 'Will the honourable Minister be pleased to accept the amendment'? An understanding is come to between the Minister and such Members almost without the knowledge of the other Members of the House. It looks as if the House is nowhere and that only those who have given notice of amendments and the honourable Minister in charge are concerned with the legislation under consideration. This sort of procedure must go.

Mr. Deputy Speaker: I am afraid the honourable member has misunderstood what is happening. After all, if the Minister accepts an amendment he says so in the early stage of the discussion. But the matter is further discussed. In cases where the Minister does not accept any particular amendment he says so in the early stages and the Member concerned, instead of taking up the time of the House, expresses his desire not to press his amendment. I am sure nobody wants that unacceptable amendment should be discussed at length and ultimately thrown out.

Srijut Rohini Kumar Chaudhuri: My friend Mr. Naziruddin Ahmad may not be able to convince the Minister about the utility of a certain amendment of his. But when we join hands with him and use respectful language, we may succeed in persuading the honourable Minister to agree with us and accept this or that amendment.

Mr. Deputy Speaker: It is open to the honourable member sitting behind Mr. Naziruddin (Srijut Rohini Kumar Chaudhuri) to ask him to stand up for his right and move the amendments desired. After all, the honourable Minister has the backing of the House; otherwise, he would not be a Minister. Therefore wisdom lies in ascertaining the wishes of the Minister and adjust matters so as to progress further with the Bill.

Mr. Naziruddin Ahmad: Mr. Ramnarayan Singh is not right in saying that it was all a private arrangement. I am afraid to take up the time of the House and that is why now and then I consulted the Minister and agreed with his wishes. It was not any private arrangement. And I do not desire to ignore the House.

Babu Ramnarayan Singh: You have explained the matter in a satisfactory manner but many Members had the feeling that the business of the House was being conducted in the manner described by me.

Sir, as I was saying, this clause deserves to be modified or dropped. If the Honourable Minister is anxious that banking facilities are to be developed in rural areas and in areas where these facilities are rare, this clause must go.

Pandit Thakurdas Bhargava: In connection with part (*c*) the words are: 'No banking company shall be managed by any person who is a director of any other company, not being a subsidiary company of the banking company; or who is engaged in any other business or vocation.....' I want to understand the real significance of the word 'managed'. What does management consist of? Then again, what is meant by 'being managed by a managing agent'? Suppose there are some clerks, accountants and other officials in a banking concern. Will they be regarded as part of the management? Though the provision here is that no banking company shall be managed by any person who is engaged in any other business, its reverse effect will be that no person engaged in any banking business shall engage himself in any other vocation. So that a clerk or an accountant who is in the management of a concern will not be able to supplement his income by working in any other manner.

Mr. Deputy Speaker: There is the definition for 'management'.

Pandit Thakur Das Bhargava: The question is as to what the meaning of the word 'managed' used as a verb. The word 'Managing agent' have been defined in clause 5 which says: " 'Managing agent' means a person, firm or company entitled to the management of the whole affairs of a company by virtue of an agreement....." We know what is a managing agent, but we do not know what is the exact and precise significance of the word "managed" in part (c) which says: "No bank shall be managed by any person....." Would it include the higher executive officers or will it include the chaprassis, the accountants, the clerks or other smaller officers also?

Mr. Deputy Speaker: The law that we are passing is special in other respects. In the Company law, the honourable member will find that there is a definition of the word "manager" there.

Pandit Thakur Das Bhargava: It is quite different here. The sub-clause says "No banking company shall be managed by any person". It does not follow that only a manager manages a company. The question is what is the exact meaning of the word "managed" here and if the smaller officials are included, then it will work a very great hardship. My submission, therefore, is that it should be confined only to the higher executive officers or the manager, etc. It should apply only to the highest and there is no bar against them.

Srijut Rohini Kumar Chaudhuri: On a point of explanation, 'manager' or 'branch manager' will come under the category of employee. It is only intended for managing directors and 'manager' will be an employee and he will come under clause (b). Assistant Manager, Branch Manager they will also come under this.

Pandit Thakur Das Bhargava: What would happen to the accountant or head clerk or other clerks?

The Honourable Dr. John Matthai: I was going to say that the point raised by Pandit Thakur Das Bhargava is sufficiently covered by the distinction being made in this clause between employment and manager. Sub-clause (*b*) refers to people who are employed. Sub-clause (*c*) refers to people who are to manage and all these cases that Pandit Thakur Das Bhargava referred, that is to say the cases of clerks and so on, those would be covered by sub-clause (*b*).

Pandit Thakur Das Bhargava: The line is very thin. Will you call a person who is managing it partly, as a non-manager? Will he cease to be an employee? A manager will also be as much an employee or am I to understand that a manager can be a person who may be an insolvent or who has compounded with his creditors, if he does not come under sub-clause (*b*)?

The Honourable Dr. John Matthai: Where an employee is also a manager, then sub-clause (*c*) begins to operate.

Prof. N. G. Ranga (Madras: General): I fail to understand the force of the arguments raised by our friends here. If there is to be a bank and people are to be encouraged to place their money in safe keeping of the bank and if this money is to be properly invested and looked after properly, then certainly we should have people who make it their whole-time business to carry on this banking by providing the managerial staff and managerial services, etc. Surely, it is not contended that banking should be developed to the same position as extra Departmental Post Offices or village post offices, where you have got extra departmental employees, who are recruited for working two or three hours per day and for the rest of the time they carry on other professions. This is a very serious matter. It is because so many banks have come to a bad end that Government thought it fit to bring forward this Bill. For a number of

years, there has been this crying need for a regular Bill like this. Now this Bill.....

Babu Ramnarayan Singh: In that case the management will be a costly affair.

Prof. N. G. Ranga: It has got to be. The other day Mr. T. T. Krishnamachari raised a relevant point and that is that these banking employees also should be paid just as well as those who are employed by the Reserve Bank of India. If, on the other hand, you are going to have merely half-timers, they will either be exploited or they would be thoroughly inefficient and unreliable and incapable of giving you efficient service and it is time that we make up our minds about it. If we want half-timers to go into this and with a public spirit, let us organise co-operative credit banks, where you have got another law to restrict their activities and see that they behave properly and render necessary service to the people. If, on the other hand, you want large sums of money to be deposited by the masses here and later on to be properly and safely invested, then certainly we should go in for whole-timers and these whole-timers cannot be expected to play at law, at medicine and do various other things, while at the same time being managers of these banks. Therefore, Sir, I am very much in favour of the clause as it is and the proposal made by the Honourable Minister, and I very strongly dissent from the stand taken by my friends on this side of the House.

The Honourable Dr. John Matthai: I entirely agree with the line taken by my honourable friend, Prof. N. G. Ranga, which is precisely what I was going to say in reply to the criticisms which have been levelled. The fact of the matter, Sir, is this, that the development of banking in this country and the abuses which bad management has led, all these have reached a stage, where it becomes necessary for us to regard banking not as a hobby, but as a very serious occupation. It deserves whole-time thought and whole-time energy.

Now with regard to the distinction between 'business' and 'vocation', I regret I cannot accept my honourable friend, Mr. Chaliha's suggestion, because by introducing the term 'vocation' we want to prevent people who are practising law or practising medicine being made responsible for management of banks. They can be employed, but they cannot be made managers. Then my honourable friend Mr. Gautam raised the question of the possible repercussion of this clause and the position.....

Srijut Rohini Kumar Chaudhuri: On a point of information, is the Honourable Minister aware that such big scheduled banks like the Comilla Banking Corporation was started in the first instance by a lawyer who started by practising and afterwards attained a big position?

The Honourable Dr. John Matthai: I am aware of that and I am making my statement in spite of that.

Now my honourable friend, Mr. Gautam raised the question of the banks in the Punjab which have been placed in a difficult position on account of these serious developments in the province. That is a matter which is present to my mind, and I propose to take suitable action, so that no undue hardship is caused in such cases.

Another point which Mr. Gautam raised was whether in view of the disqualification in cases of certain categories of persons, whether sufficient time would be allowed for them to make the necessary adjustments. Of course, that is a matter which could be provided for with reference to sub-clause (3) of clause (1), that is to say, 'this Act will come into force on such date as the Central Government may by notification in the official gazette appoint in this

[Dr. John Matthai]

behalf,' in prescribing the date, it is open to the Central Government to take into consideration the time that might be required for certain necessary adjustments of this kind.

I think my honourable friend, Mr. Ramnarayan Singh said that the Minister was trying to play a dictatorial part in this matter. Now, Sir, If you have been so kind as to ask me before a discussion on an amendment began, whether I agreed to it or not, it is not because of any authority that attaches to my position as a Minister. It is simply that I am here putting forward the recommendations of a Select Committee appointed by the House, not merely with my authority, but with the authority of a representative and responsible body, appointed by this House, and I think the House ought to give some regard to their views.

Mr. Deputy Speaker: The question is:

"That clause 10, as amended, stand part of the Bill"

The motion was adopted.

Clause 10, as amended, was added to the Bill.

Mr. Naziruddin Ahmad: I have been blamed for making a private arrangement with the Honourable Minister and at the same time it is not possible for me to know in advance the intention of the Minister. Sir, I move:—

"That in sub-clause (2) of clause 11 of the Bill, for the words 'elsewhere than in', the words 'outside' be substituted."

This is economy in words and the one word is more effective and more expressive than a number of words.

Mr. Deputy Speaker: In connection with this, I would like to say that it is wrong to interpret that the honourable Minister is trying to impose his will. Far from it. We are all interested to go through the various amend-
4 P.M. ments tabled and if the honourable Minister does not accept any amendment, there is no purpose in pursuing it. In that case, it is up to the mover to move or not. Therefore, ordinarily, I will follow the previous practice of asking the honourable Minister if generally it has his approval before I call upon the Member to move. In this case, the honourable Minister does not approve, but it is open to the honourable member to insist on it being moved.

Mr. Naziruddin Ahmad: But I have already moved it.

Mr. Deputy Speaker: The question is.

"That in sub-clause (2) of clause 11 of the Bill, for the words 'elsewhere than in', the words 'outside' be substituted."

The motion was negatived.

Prof. K. T. Shah: May I move both of my amendments together as they are more or less connected?

Mr. Deputy Speaker: Yes, you may.

Prof. K. T. Shah: Sir, I move:

(1) "That in sub-clause (2) of clause 11 of the Bill—

(*i*) after the word 'Bombay', a comma be inserted;

(*ii*) the word 'or' occurring after the word 'Bombay' be omitted; and

(*iii*) after the word 'Calcutta', a comma be inserted."

(2) "That in sub-clause (2) of clause 11 of the Bill—

(*i*) after the word 'Calcutta' the words 'Delhi or Madras' be inserted; and

(*ii*) the words 'or both' be omitted."

Sir, in submitting this amendment, may I make a preliminary observation that: In these amendments attention is invited to the insertion or the deletion of commas not necessarily as a form of sincere flattery of the honourable member who specializes in punctuation? I feel, as he does not doubt, that these are important additions, not ornamental but useful, for making clear the sense of the clause and of the amendment made thereto.

The clause as it stands, speaks of only two cities in the country—Bombay or Calcutta—as the most important banking centres. It contemplates them as the most important banking centres, and the others, no matter what their commercial or industrial positions may have been, are to be relegated amongst the categories of the also 'ran'.

This is a legacy of a time when the big business interests of the foreigners who ruled in the land were concentrated in these two places—Bombay or Calcutta. And however flattering it may be to one coming from Bombay to find Bombay preceding—only in alphabetical order—Calcutta, I feel that there are other centres no less worth considering than these two so-called old Presidency towns, now provincial capitals and perhaps the commercial capitals of this country. I would like therefore that at least two more cities be placed on a par.

The political capital of the country ought not to be relegated to the category of 'also ran', and the southern capital of the land, Madras, should also not be treated as less important from the banking standard than Calcutta or Bombay. I think, Sir, that whatever may have been the case in the past, when for geographic or other reasons Bombay may have been the centre of trade with the West, and Calcutta the Centre and focal point of trade with the East, in this age of aviation, when distances do not count, and when the position of places in this country, or sub-continent as it is now the fashion to call this country, the old tradition should not matter. We should not neglect not only the present position, but should not overlook the possibility that these other cities may have, as developing great banking concentrations, a great banking business of their own. Accordingly, if you do decide to introduce limitation on branches or offices of banks which may function in those places, then I suggest it would be as well to place all those capital cities on a par, and while I do not approve of many of the provisions that come into this clause and in subsequent clauses regarding the restrictions or conditions of capital and reserves I do think that, whatever treatment you give to the commercial capitals hitherto accepted as such, it should also be extended to these other two cities—Delhi and Madras.

I know, Sir, that at the present time perhaps, measured in terms of imports and exports, or in the volume of business or industry, these two cities may be said to lead, that is no indication in my opinion of the future trade and the possibilities of other cities for which a Bill like this ought to provide. I therefore commend the amendment to the House.

Mr. Deputy Speaker: Amendment moved:

(1) "That in sub-clause (*2*) of clause 11 of the Bill—

(*i*) after the word 'Bombay', a comma be inserted;

(*ii*) the word 'or' occurring after the word 'Bombay' be omitted; and

(*iii*) after the word 'Calcutta', a comma be inserted."

(2) "That in sub-clause (*2*) of clause 11 of the Bill—

(*i*) after the word 'Calcutta' the words 'Delhi or Madras' be inserted; and

(*ii*) the words 'or both' be omitted."

Srijut Rohini Kumar Chaudhuri: If my honourable friend, Prof. Shah, had only known what a rude shock he has given me by moving the second amend-

ment, he would have been full of self-reproach. I had understood from the passage which I had quoted with such glee and approbation—I mean paragraph 17 of his Minute of Dissent—that he was in favour of new branches being established by banks and this should not be merely the prerogative of the Central Bank or such other banks. What do we find here? He is extending the effect and scope of this clause to other provinces and towns as well. It is not merely that he wants that the restrictive provision should apply only in cases of branches established in Bombay and Calcutta, but by his amendment he wants to spread the evil of the provision to Delhi and Madras as well. That is what he wants and I do not understand what he means by saying encouraging new banks and new branches when he is in favour of extending the clause to other cities—cities other than those which were in the mind of the honourable Minister. Let me tell the House what the effect of this clause would be on indigenous banks in my province as well as banks which have been recently (that is 20 or 25 years ago) started. I do not know whether the honourable Minister will be able to give us an assurance that this clause will not affect the branches which have been already established, but if he does that there will be something in it.

There are two or three banks in Assam which have their branches in the city of Calcutta. Their paid up capital is not what has been demanded by this clause. You will say "What sort of banks you are speaking of which cannot have a paid up capital of twenty lakhs?" You can say that. Those who come from bigger provinces and those who are wealthy can say that. But those who want to have their own banks and those who want see their own banks prosper and grow will be very seriously affected by this clause. If this clause is given effect to also in the case of those branches which are already in operation many banks will have to close down their branches in Calcutta. Similarly it is possible that they will have to close their branches in other cities also. This is a sort of vicious circle in which we are moving. I want to have more capital. I make an application for capital issue. My application is not granted. I want to make my banks scheduled banks. But I cannot fulfil those conditions or raise more capital and convert my bank into a scheduled bank. There are so many bank failures that there is alarm in the minds of people so far as banks are concerned. I want to apply for capital issue. I want to make my bank a scheduled bank. There comes a fiat from the Central Government or the Reserve Bank that no more capital issue will be given in my province. I do not want to state the names of the banks but this is a fact as the honourable Minister himself will know. On the one hand you would not allow capital issues and on the other hand you will say that we cannot have this, unless we come up to a certain standard. Why do you not speak out clearly and say that we have already so many hundred banks, that these banks will remain and that no other banks will be allowed to grow up. I can understand that straight forward statement. By this clause instead of encouraging you are asking the branches in Calcutta to be closed. I cannot help feeling that the intention of this Bill is not quite proper. I feel that no other banks will be allowed to compete with the existing banks.

Shri T. T. Krishnamachari: I am afraid I have nothing to say in regard to the first amendment moved by my honourable friend Prof. Shah but in regard to the second, as regards the general objection raised by my honourable friend, Mr. Rohini Kumar Chaudhuri, I have a few words to say. This is one of the most difficult clauses in this Bill. It has been considered by two Select Committees very carefully and so far as lack of facilities given to existing institutions for raising their capital is concerned, whatever might have been the experience of my honourable friend Mr. Rohini Kumar Chaudhuri in the past, I believe those difficulties would not exist in the future because for the reason that banks are required to raise their capital to the level prescribed in the parti-

cular clause within a period of three years, all facilities will be given to the banks so to do, if they want to function in these cities according to this measure. In the past there might have been various reasons why the Reserve Bank did not sanction the raising of the capital structure but it does not necessarily mean that they were opposed to banks raising their capital structure. Probably there may have been other reasons.

In regard to Madras and Delhi I would like uniformity and I agree with Prof. Shah that these cities must rise in importance equal to that of Bombay and Calcutta. But the proper time to introduce an amendment of this sort is when these cities have risen to a state of importance equal to that of Bombay and Calcutta. For the time being both these cities are in such a condition that they will not be able to fulfil the conditions that we now seek to impose by means of this clause. Until the contingency occurs when these cities rise in importance and in population and wealth I am afraid Prof. Shah will have to hold his soul in patience. I oppose the second amendment moved by Prof Shah.

Mr. Nasiruddin Ahmad: My friend Srijut Rohini Kumar Chaudhuri has raised a very important question which may affect small banks in Bengal and Assam.

Babu Ramnarayan Singh: Also in Bihar.

Mr. Nasiruddin Ahmad: Also in Bihar. In other words it is a question which affects the small banks. The present Bill seeks to eliminate small banks although they are successful, and seeks to put a higher limit of capitalisation and thus creates difficulty in the way of small banks. The idea somehow or other seems to be that banks fail on account of their smallness or invariably for dishonesty or want of good management. The failures of banks in Bengal particularly was largely due to the monetary policy of the Government. There is here incessant talk of nationalisation or limitation of dividends and the like and the result is that the share values have crashed. No amount of coaxing, no injection of high hopes, no amount of promises has been able to raise the share value or to stimulate the value at all. (*Shri B. Das:* "The deposits have vanished.") It is a fact that many deposits have vanished and the reason is this. Many businessmen pawned their shares in banks and took advances. On account of the monetary policy of the Government, the share market absolutely collapsed and is unable to recover. It is thought that some big speculators and gamblers are responsible for this but I submit it is not so. These speculators can operate the market only for a few days. It is after all the confidence of the small investors that keeps the market alive. That confidence is absolutely gone. When share values depreciated banks found it impossible to allow advances or continue to keep the advances on the depreciated security. So they demanded their money and the shares had to be thrown into an unwilling market which was not ready to absorb them. The consequence of this was that many shares had to be sold at a sacrifice prices. This created more depression in the market and the share values went further downwards. The result of all this was that many banks came to a crash. So what is wanted is a sound monetary policy which would encourage the small investor, the middle classes, to invest their money. On the other hand there is talk of nationalisation and of more things to come or there are more menacing hints. I beg to submit that confidence takes time to grow. It is easy to shatter it but it is not as easy to revive it. There is the need for small banks. In Bengal there are still many small banks which began from small beginnings and function efficiently. If you eliminate the small banks the result would be that the smaller areas—small towns and semi-village areas—will not be fed with sufficient banks and the big banks. Whom some are trying to eliminate and who are capitalists and exploiters, will alone remain and the others will be wiped out.

[Mr. Naziruddin Ahmad]

This requirement of high capitalisation for as many branches as they can spread would be extremely harsh. I think the very policy of this clause is unsound. Small banks have their utility and they should be encouraged and in every way stimulated, and no additional difficulty should be put in their way. Many small banks in Bengal have failed on account of the want of sufficient courage on the part of the investors and the crash in the share value. These are very serious considerations. Mere raising of the standard of capitalisation will not do. Mr. Rohini Kumar Chaudhuri has raised an important point and I think it should be carefully considered not merely in the passing of this clause or the Bill but towards revision of their monetary policy.

Shri B. Das (Orissa: General): Sir, I had no intention to participate in this debate but I find there is a misunderstanding on the floor of this House and my honourable friends Mr. Rohini Kumar Chaudhuri and Mr. Naziruddin Ahmad have misunderstood clause 11 as making definite provision for doing away with small banks. I remember I had to come and plead before the last Select Committee and on behalf of the small banks in 1946. Sub-clause (1) of clause 11 of the Bill has a Proviso:

"Provided that a banking company to which this clause applies and which has only one place of business shall not be required to have paid-up capital and reserves exceeding an aggregate value of 50,000 rupees."

In the previous draft of the Bill it was Rs. 1,00,000 and at that time objections were raised and the Select Committee decided that it would be limited to 50,000 rupees. There is no desire to do away with small banks or banking activity in small towns and small cities. My honourable friend Mr. Naziruddin Ahmad talked about the share market being fluctuated by adverse effect on shares. The shares of the banks to which my honourable friend was referring to never go to the stock exchanges of Bombay and Calcutta, because such banks were never successful and the moment the depression period came in, most of them vanished from their active fields. If money was spirited away it was the depositors' money and God alone knows whether it has gone to the so-called managing directors for whom my honourable friend was suggesting—lawyers and what not.? I support the whole clause 11. The discussion which has started on sub-clause (2) I think is met by sub-clause (3), and I have no sympathy for the bankrupt banks which have taken advantage of the war conditions and have made many depositors poor.

The Honourable Dr. John Matthai: Sir, I regret I cannot accept this amendment with regard to punctuation. There I think Professor Shah is wrong in his ideas of punctuation. With regard to the question of including Delhi and Madras, there also I am afraid I cannot agree with him. I agree with what my honourable friend Mr. T. T. Krishnamachari has said on that point. The purpose of this clause is simply to provide that in the matter of paid-up capital and reserve of the banks it should be in accordance with the business requirements of the areas in which they work. The whole of this clause has been the result of experience of our banking system and the Reserve Bank and the figures that have been suggested here are figures which may be accepted by the House.

My honourable friend Mr. Naziruddin made a reference to the position in Bengal. I do not pretend to have first-hand knowledge of the position in Bengal, but since I assumed office as Minister for Finance I have come across several reports regarding banking institutions in Bengal which give me an impression very different from that which Mr. Naziruddin tried to create.

Mr. Deputy-Speaker: The question is:

"That in sub-clause (2) of clause 11 of the Bill,—

(i) after the word 'Bombay', a comma be inserted;
(ii) the word 'or' occurring after the word 'Bombay' be omitted; and
(iii) after the word 'Calcutta', a comma be inserted."

The motion was negatived.

Mr. Deputy Speaker: The question is:

"That in sub-clause (*3*) of clause 11 of the Bill,—

(*i*) after the word 'Calcutta', the words 'Delhi or Madras' be inserted; and

(*ii*) the words 'or both' be omitted."

The motion was negatived.

Mr. Deputy Speaker: The next amendment is by Mr. Naziruddin Ahmad.

An Honourable Member: It makes no meaning.

Mr. Naziruddin Ahmad: It makes a meaning. I absolutely deny the suggestion that it makes no meaning.

Mr. Deputy Speaker: It may make meaning. It seems to be unnecessary.

Mr. Naziruddin Ahmad: It may not be acceptable to the majority.

Mr. Deputy Speaker: I take it the honourable member is not moving it.

Mr. Naziruddin Ahmad: I am not moving it.

Prof. K. T. Shah: I move:

"That after the existing Proviso to part (*iii*) of sub-clause (*3*) of clause 11 of the Bill, the following new Proviso be added :

"Provided further that nothing in the *Explanation* shall apply to any branch or agency that a bank may open in a capital city like Bombay, Calcutta, Delhi or Madras, within the municipal limits of each of them or in limits that may be increased hereafter by appropriate legislation, even if the distance between any two of such branches or agencies within the same capital city does not exceed one furlong'."

Here is some suggestion, some remedy I hope for the rude shock I seem to have unwittingly administered to my very respected friend Srijut Rohini Kumar Chaudhuri. I am definitely not against the spread of the banking habit and of banking facilities to as large an extent as possible. I had suggested on a previous occasion a restriction, if you so read it, to the temptations which may exist on banks, if they have branches within capital cities. Bankers are politely dressed sharks and if you fall within the area of these sharks, it is not unlikely particularly for smaller banks that they may be their ruin. They may be doing very good service in the mofussil, but it may be interrupted and ruined by venturing into waters too deep for them to swim.

It was only with these intentions that I have suggested this restriction which I am very sorry to find was misinterpreted or misunderstood by one whose support otherwise I was very happy to have.

In the present instance, however, again without realising the possibilities that lie hidden in it, I have come forward with some sort of a remedy or attenuating provision to relieve shock that might have been administered. As you see, I do not mind branches being multiplied as much as can be where business centres require. In cities particularly, whose limits are constantly growing branches must multiply irrespective of distance. We have a programme, for example, of Greater Bombay, and I do not know what is the longest distance between two farthest points in Calcutta. But I am sure the limits of the kind prescribed in this Bill will be very injurious to the increase of branches, and to the availability of banking facilities to as large a section of the metropolitan population as possible.

Accordingly, I move that no matter what the distance, even if the distance is a furlong or less, the banks in these cities shall not be prevented—within their municipal limits or within the greater limits given to them—from opening branches within the same area. I hope it will be acceptable at least to Shri Rohini Kumar Chaudhuri.

Mr. Deputy Speaker: Amendment moved:

"That after the existing Proviso to part (*iii*) of sub-clause (3) of clause 11 of the bill the following new Proviso be added:

'Provided further that nothing in the *Explanation* shall apply to any branch or agency that a bank may open in a capital city like Bombay, Calcutta, Delhi or Madras, within the municipal limits of each of them, or in limits that may be increased hereafter by appropriate legislation, even if the distance between any two of such branches or agencies within the same capital city does not exceed one furlong'."

Shri T. T. Krishnamachari: Sir, I am afraid there is a little misapprehension here because I quite understand there is room for misapprehension. Actually the phrasing is so involved that my honourable friend has not understood the *Explanation* properly. I would like the House to permit me to read the *Explanation* which is as follows:

"*Explanation.*—For the purposes of this sub-section, a place of business situated in a Province other than that in which the principal place of business of the banking company is situated shall, if it is not more than twenty-five miles distant from such principal place of business, be deemed to be situated within the same Province as such principal place of business."

Actually, the safeguard here—attempted probably clumsily, if one may put it so—is for places where two Provinces converge. They might just open a branch at the end of one Province. It is only in relation to places where two Provinces converge that the distance is put in. Actually, I think it is no *Explanation* at all for the purpose of opening branches in the cities, as my friend Professor Shah wants to put in.

In any event, the idea seems to be that there should not be a limitation. I think there is no limitation as it is and therefore the proviso cannot serve any new purpose. That is my view of the matter, but I do agree there is room for a possible misconception. Even if there is a misconception, the *Explanation* cannot be explained properly by means of this addition of Professor Shah's. I therefore think there is no point in accepting a proviso of this sort.

The Honourable Dr. John Matthai: I agree, it is irrelevant to the *Explanation*.

Mr. Deputy Speaker: The question is:

"That after the existing Proviso to part (*iii*) of sub-clause (3) of clause 11 of the bill the following new Proviso be added:

"Provided further that nothing in the *Explanation* shall apply to any branch or agency that a bank may open in a capital city like Bombay, Calcutta, Delhi or Madras, within the municipal limits of each of them or in limits that may be increased hereafter by appropriate legislation, even if the distance between any two of such branches or agencies within the same capital city does not exceed one furlong'."

The motion was negatived.

Mr. Deputy Speaker: Is the honourable Minister in favour of the next amendment.

The Honourable Dr. John Matthai: No, Sir. It is not necessary.

Mr. Deputy Speaker: Does the honourable member want to move it?

Mr. Nazirudd'n Ahmad: Yes, Sir. I beg to move:

"That in sub-clause (4) of clause 11 of the Bill, for the words 'real or exchangeable value', the words 'actual market value' be substituted."

Sir, we are concerned with the meaning of the word "value" for purposes of this clause. "Value" means, according to the clause, the "real or exchangeable value" and not the nominal value which may be shown in the books of the banking company concerned. This is an unusual expression. What is

meant really is the market value. You can at once determine the "market value" of investments and shares which are quoted on the Stock Exchange.

Mr. Deputy Speaker: Is not "exchangeable value" covered there? It need not be exchanged in a market, it may be exchanged elsewhere.

Mr. Nasiruddin Ahmad: "Exchange" indicates not actual sale, but one share exchanged for another. That is the idea of exchange. Sale is distinguished from exchange in this way that sale is transfer for money, while exchange is barter. Market value indicates the real legal idea; exchange value does not really mean the saleable value—in fact it is a loose expression and "market value" is the more correct and precise expression.

As I was going to submit, many shares recognised by the Stock Exchanges are quoted in the Stock Exchange. They comprise all the best shares in India. Their "market value" is easily knowable. With regard to others the "market value" can be decided otherwise.

With regard to sub-clause (*5*), I have this objection that in sub-clause(*3*) and other parts there are conditions as to the aggregate value of the paid up capital and reserves. By sub-clause (*5*) it is provided that the "market value" or the "exchangeable value" is really meant. The effect of this would be that a company which has issued share capital of the requisite nominal extent will again be harassed under sub-clause (*5*) by the authorities where the "exchang value" or the "market value" is less. So, there would again be a competition between the Government on the one hand and the banking concerns on the other as to whether there is adequate capitalization, because the "market value" of the capital is a fluctuating and uncertain quantity and it may be that many shares which have gone down in the crash would show a small market value though of an adequate "book value". In these circumstances, the question of the advisability of retaining sub-clause (*5*) is also in question.

I object to sub-clause (*5*) because it introduces needless complications. After all, the "market value" or the "exchange value", as the Bill says, is not a determined value; it fluctuates from day to day and as at present the clause would work much hardship, especially in the case of small banks which otherwise may be sound. Therefore, I submit this clause itself should be deleted. It serves no useful purpose to put such rigorous conditions. Of course, efficient management and sound management, honesty and strictness must be insisted upon in every way, but apart from that, to ask for more money through this inoffensive-looking sub-clause (*5*) would be really perpetrating hardships upon banks which are struggling from the effect of the market crash and which, with a little encouragement, may probably stand on their legs. I submit that clause (*5*) should be deleted, or in the alternative the drafting amendment be accepted.

Mr. Deputy Speaker: Amendment moved:

"That in sub-clause (5) of clause 11 of the Bill for the words 'real or exchangeable value', the words 'actual market value' be substituted."

The Honourable Dr. John Matthai: There are three possible bases on which you can determine value in this case. You can take the book-value or nominal value. You can take the actual market value. You can take the exchangeable value. The precise difference is this. The whole object of having this particular provision is to rule out book-value leaving that out, you have two alternatives: either you take the real or exchangeable value or you take the...

Mr. Homi Mody: Where do you get the words "exchangeable value" from?

The Honourable Dr. John Matthai: I am coming to that; be patient. As regards the actual market value, it is impossible in many cases in practice to get the actual market value of the assets of a bank. Therefore, you must have some kind of estimate or valuation. The real or exchangeable value is a matter of valuation or estimation. If nominal value is ruled out, if actual market value cannot be obtained, then there is no other solution except valuation.

Mr. Homi Mody: But you have not told us where you get the expression from.

The Honourable Dr. John Matthai: This is as good an expression as you can find.

Shri T. T. Krishnamachari: I can only say that that particular expression comes right through beginning from 1939.

Mr. Homi Mody: Perpetuation of bad English.

Mr. Deputy Speaker: The question is.

"That in sub-clause (5) of clause 11 of the Bill for the words 'real or exchangeable value', the words 'actual market value' be substituted."

The motion was negatived.

Srijut Rohini Kumar Chaudhuri: I confess that I am short of hearing and do not follow all that is said on the floor of this House, but I am yet to know whether the honourable Minister means that the restrictive clause to which I referred, namely, sub-clause (2) would apply to the existing branches in the city of Calcutta and Bombay although they may not satisfy the capital condition. My honourable friend Mr. Das had argued at some length in reply to the points which I had raised but he has also left me unconvinced and the reason for his failure is that he had given a deaf ear to all that I had said. My point is this. I am stating an actual fact, although I do not wish to disclose the name. A particular bank started with a small capital, say, five lakhs of rupees, and the paid-up capital was less than that. Nevertheless, it had started business in Calcutta and with that capital that bank was allowed to have the branch in Calcutta and the branch has been working fairly well. If this Bill is passed, will that branch have to be closed because they do not satisfy the capital condition?

The Honourable Dr. John Matthai: That is so.

Srijut Rohini Kumar Chaudhuri: If it is closed, then is not a great injustice being done to that class of bank, because on the one hand—which the honourable Minister has not denied—on the one hand you are restricting the issue of capital and on the other hand, you are closing the branches of the bank for want of adequate capital. You cannot have it both ways. The business of the branch is gradually increasing. The bank has got good reserve. You are not taking into consideration the reserve at all. You are only going by the capital. You are not allowing any new man to come. You want that a real capitalist should come and buy up the bank and become the proprietor of that bank practically. You are not allowing us to issue the capital at all. That is a position which is intolerable. If really your intention is to encourage new banking business, but if your policy is that no more banks should be allowed to be opened or no small banks should be allowed to exist—let it be a straightforward policy—if you do not want new banks, I can understand that although I may quarrel with it, but still I can understand it, but I do not understand this two-fold policy—on the one hand closing the bank for want of capital and on the other refusing to issue capital. That is quite incomprehensible.

Similarly, in starting banks in one's own province, as I said more than once, we have learnt bitter lessons on account of banks having come from outside. People do not believe in banks in our province, because a large number of banks for causes—good or bad—have failed, but they would be quite prepared to have branches of the banks of their own, because if the banks which have headquarters elsewhere start in my province and fail, we cannot touch them at all. They are illusive people. They run away before the bank closes, but if there are branches of banks started by my own people in my own province, at least I can knock them, I can at least give them physical blows. That is some satisfaction. Therefore, if a bank is started by my own people in my own province, there will be shareholders; there will be depositors, but you do not allow deposits; you do not allow depositors to deposit their money in their own bank. Supposing there is a bank with headquarters at Gauhati, if they want to establish a branch at Dibrugarh or any other place, you do not allow them to open this branch, with the result I have to be content not with my own bank but with a bank which may prove as illusive as the branches which have formerly failed. That is the position to which you are driving me. Is there any justification for that? Why do you want an additional condition to be imposed because the branches are to be established in one's own province? Why you not make an exemption in the case of those provinces which have no banks or only a few banks? If 100 branches are there with their headquarters outside, cannot my own provincial bank have branches in our own province in the different towns? Why do you stand in the way? Why do you not make an exception in the case of such provinces? Should not a man of the province have a chance of starting his own business? Why should you stop that man? Perhaps you want some other gigantic banks. I borrow the expression from Prof. Shah. You want to have a few gigantic banks so as to fill the stomachs of gigantic people. You want these gigantic banks not merely to confine themselves to the city of Calcutta, Bombay and Madras; you allow them to have as many branches in Assam, Bengal, etc. but you do not allow the man of the province because he cannot have sufficient capital. So you put this penalty. This is a penalty. This is a tax which you are wanting to lay on the regional banks of the province and you are standing in the way of allowing them to start new branches. Sir, this is a position which I cannot justify in the eyes of the public. I hope that, if I have not understood the position clearly, the Honourable the Finance Minister will take pains to explain the position to me so that I may understand it and I may be able to tell my own people that our Government of India is full of sympathy for the poor people like myself.

The Honourable Dr. John Matthai: I do not quite know what is troubling my honourable friend Srijut Chaudhuri. I have not been able to make out what it is. But as far as the policy behind this particular provision is concerned; it simply means this, that in laying down conditions which ought to be applicable to all banks, and which should be fulfilled by all banks, there are necessarily two points of view to be considered. There is the point of view of those who promote the banks as a business concern, and there is the point of view of the depositors, and we can reconcile these two view-points only by providing conditions of this kind. I think Srijut Chaudhuri is not very familiar, obviously, with the evil consequences that have followed because of the absence of conditions like these. Depositors' interests have been allowed to go by default because when people speak of the public interest and the provincial interest, they mean only those of the promoters of banks. If difficulties are felt by banks in fulfilling these conditions, there is nothing in the way of any action being taken by the Capital Issues Committee and there is nothing to prevent me from taking the necessary action to remove those difficulties.

Srijut Rohini Kumar Chaudhuri: Then why are you not satisfied with the chattered banks whose figures show that the people have greater confidence in them?

Mr. Deputy Speaker: The question is:

"That clause 11 stand part of the Bill."

The motion was adopted.

Clause 11 was added to the Bill.

Mr. Deputy Speaker: Now we come to clause 12. Mr. Nazirudddin Ahmad.

Mr. Nazirudddin Ahmad: Amendments No. 127 and 132 go together and I would like to know from the honourable Minister if they are acceptable.

The Honourable Dr. John Matthai: I do not think they are acceptable.

Mr. Nazirudddin Ahmad: Then I do not move them.

Mr. Deputy Speaker: Then amendment No. 129. The Member wants to know if that is acceptable to the honourable Minister.

The Honourable Dr. John Matthai: I do not think it is an improvement.

Mr. Nazirudddin Ahmad: I may then move No. 129?

Shri T. T. Krishnamachari: There are three amendments, one of Mr. Nazirudddin Ahmad, one by Prof. Shah and one in my name. If one of them is moved and accepted, then the others fall through. Let us, I suggest take up the positive amendment rather than a negative one.

Mr. Nazirudddin Ahmad: My amendment is the more sweeping one.

Mr. Deputy Speaker: Yes, it is for the deletion of the part of the clause.

Mr. Nazirudddin Ahmad: I beg to move:

"That part (*iv*) of clause 12 of the Bill be omitted."

I submit that this part which I seek to delete is absolutely ineffectual from the practical point of view. It seeks to limit the voting right of any one shareholder, that it should not exceed ten per cent. of the total voting rights of all the shareholders. It limits the voting power of the individual shareholder. But the question is whether the provision of a clause like this will at all be effective and serve the purpose for which it is put in. The only effect of this provision would be that a big shareholder will distribute his shares among some of his friends and relations and retain the voting power in his own hand, intact. I submit that the shareholders will be quite easily able to elude this somewhat loosely conceived provision. If a man has twenty per cent. shares, what he has to do is to keep half of it with himself and transfer the rest to his wife, children or father or friends or even non-existing persons. Such a thing is not un-known. As a matter fo fact, this provision will be totally inoperative. There are amendments to vary this ten per cent. to various percentages. But the clause, I say is totally ineffective, and it is simply asking for transfers of the shares keeping the ten per cent. in each hand. In these circumstances, I submit that this clause should be deleted.

Shri T. A. Ramalingam Chettiar (Madras: General): All the three amendments may be taken together.

Mr. Deputy Speaker: The suggestion has already been made. But we take them separately, because this amendment stands on a different footing.

The Honourable Dr. John Matthai: This is really a compromise.

Mr. Deputy Speaker: The question is:

"That Part (*iv*) of clause 12 of the Bill be omitted."

The motion was negatived.

Shri T. T. Krishnamachari: Prof. Shah may move his amendment. I do not move mine.

Prof. K. T. Shah: Sir, I move:

"That in part (*iv*) of clause 12 of the Bill, for the word 'ten', the word 'five' be substituted."

I do not know if my ears deceived me, or my memory fails, but I am under the impression that the honourable the Finance Minister had forgotten to say in the case of this amendment that it is not acceptable. If that is so, I do not want to rub him the wrong way by making a speech.

The Honourable Dr. John Matthai: It gives me very great satisfaction to accept Prof. Shah's amendment.

Mr. Deputy Speaker: The question is:

"That in part (*iv*) of clause 12 of the Bill, for the word 'ten', the word 'five' be substituted."

The motion was adopted.

Shri T. T Krishnamachari: I move:

"That in the Proviso to clause 12 of the Bill, after the words 'contained in', the words, brackets and figures 'clauses (*i*), (*ii*) and (*iii*) of' be inserted."

This merely makes Prof. Shah's amendment applicable to all banks, irrespective of the date of their floatation.

The Honourable Dr. John Matthai: I do not think this amendment is necessary. The position really is that conditions (i), (ii) and (iii) are conditions which apply to all banking companies incorporated since January 1937, and this additional clause might, I think modify it to mean that it will apply to all the categories of banks which are now subject to conditions (i), (ii) and (iii). I think the clause might stand as it is now, and I do not think any serious trouble will arise thereby.

Mr. Deputy Speaker: So this is not pressed. Then what about the next.

Prof. K. T. Shah: I am not moving it.

Mr. Deputy Speaker: The question is:

"That Clause 12, as amended, stand part of the Bill."

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Mr. Deputy Speaker: The House stands adjourned till 10.45 A.M. to-morrow.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Tuesday, the 15th February, 1949.